



Daily Report

China

**FBIS-CHI-95-181
Tuesday
19 September 1995**

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NOTICE: An * indicates material not disseminated in electronic form.

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General

Foreign Ministry Holds Regular News Conference

Comments on Hong Kong Election

OW1909093695 Beijing XINHUA in English
0926 GMT 19 Sep 95

[FBIS Transcribed Text] Beijing, September 19 (XINHUA) — The Chinese government has stated on many occasions that the last three-tiered political structure of Hong Kong, which was established prior to the agreement between China and Britain, will come to an end with the British rule over Hong Kong as of June 30, 1997.

Chinese Foreign Ministry Spokesman Chen Jian made the statement when asked to comment on the result of the Hong Kong legislative election at a press conference here this afternoon.

At that time, Chen added, the Hong Kong Special Administrative region's legislature and regional organizations would be formed on the basis of the relevant decisions made by the Chinese National People's Congress and relevant provisions of the Hong Kong Basic Law.

Chen noted that the Chinese government has adopted a clear-cut position over Chris Patten's constitutional package which is in violation of the Sino-British Joint Declaration, the principle of convergence of the Basic Law as well as relevant understandings and agreements reached between the two sides.

The consequences of this constitutional package are obvious to all, the spokesman said.

Announces Jiang Will Visit U.S.

OW1909102295 Tokyo KYODO in English
1002 GMT 19 Sep 95

[FBIS Transcribed Text] Beijing, Sept. 19 (KYODO) — China announced Tuesday that President Jiang Zemin would attend ceremonies in New York marking the 50th anniversary of the founding of the United Nations on Oct. 22-24.

The announcement paves the way for a possible summit between Jiang and U.S. President Bill Clinton in either New York or Washington as vice ministerial-level meetings begin Thursday in Washington to hash out an agenda.

"Matters related to Jiang Zemin's bilateral activities in the U.S. are being discussed and arranged," a Foreign Ministry spokesman said.

Spokesman Chen Jian added, "Sino-U.S. relations are very important to both China and the U.S. The meetings

between the top leaders of the two countries will push forward the formal development of these relations."

Chen said that since Foreign Minister Qian Qichen met with U.S. Secretary of State Warren Christopher in Brunei in early August, the two countries have engaged in close consultations aimed at "eliminating the bad impact" caused by Taiwan President Li Teng-hui's visit to the United States in June.

Chen gave the impression that China was holding out for a fourth Sino-U.S. communique, which would explicitly ban further visits to the U.S. by Taiwan officials.

As both foreign ministers are expected to meet next week at the UN General Assembly to further negotiate the possible summit, a western diplomat in Beijing noted that both sides were engaging in "prenegotiation strategy."

In Washington on Monday, U.S. State Department spokesman Nicholas Burns flatly rejected a fourth joint communique in which Washington would promise not to allow visits by Taiwan leaders, but did not rule out the possibility of a communique on other issues, including human rights, nuclear nonproliferation, or matters of economics and trade.

"If we are being offered now a fourth communique which does assert...a ban on visas to anybody from Taiwan, then we're not interested in such a communique nor will we pursue one," Burns said.

"The reason is that, while the U.S. will continue to maintain only unofficial relations with Taiwan, it is entirely possible that at some point in the future, we will issue a visa to an official from Taiwan for a private, unofficial, personal visit," Burns said.

China has maintained that Li's visit to the U.S. was a violation of three earlier joint communiqués by which diplomatic relations between the two countries are based on the principle that Beijing is "the sole legal government of all of China, including Taiwan," but condoning arms sales to Taiwan and unofficial economic relations.

Outraged by Li's visit, China recalled its ambassador from Washington and postponed a series of high-level meetings, despite the U.S. maintaining the visit was private and unofficial and insisting that it continues to uphold a "one-China policy."

Remarks on Beijing Declaration

OW1909103995 Beijing XINHUA in English
1027 GMT 19 Sep 95

[FBIS Transcribed Text] Beijing, September 19 (XINHUA) — The Chinese Government will earnestly im-

plement the Beijing Declaration and the Platform for Action, which were adopted by the UN Fourth World Conference on Women, Foreign Ministry Spokesman Chen Jian said here today.

When asked to comment on the above-mentioned two documents and on how China would implement the documents at a press conference this afternoon, he said the Beijing Declaration and the Platform for Action adopted by the Fourth World Conference on Women manifested the full success of the conference.

He noted that their adoption is the result of the common efforts made by the participants in seeking common ground while reserving differences.

These two documents will serve as the guiding principles for some time in the future for the governments of all countries and international community in advancement of women's status and as a document of program of the United Nations in the field of women and social development, he added.

Chen noted that the Chinese government has all along put importance to the advancement of the women's status and efforts in ensuring the equality between men and women.

On the eve of this conference, the Chinese government formulated and promulgated the 1995-2000 Program for Development for the Chinese Women, Chen said. This document was made in light of China's national condition and as the follow-up action of the conference on women in the field of advancement and development of women.

The Chinese Government will earnestly implement the Beijing Declaration and the Platform for Action as well as the Program for Development for the Chinese Women, so as to work for the further improvement of the status of the Chinese women and development of their cause, the spokesman said.

Li Peng Interviewed by AFP Chairman Fleury

Comments on Hong Kong Elections

*BK1809111295 Hong Kong AFP in English
1058 GMT 18 Sep 95*

[FBIS Transcribed Text] Beijing, Sept 18 (AFP) — Chinese Premier Li Peng said Monday that Beijing will do nothing to threaten Hong Kong's status as a commercial and financial centre when the British colony reverts to Chinese rule in 1997.

However in a first official comment on Hong Kong's elections, in an interview with AFP Chairman Lionel Fleury, Li reiterated that China would not recognise

any institutions set up in contravention of Sino-British agreements.

Li's remarks came as the results from Hong Kong's first all-elected legislature saw pro-democracy parties score an overwhelming victory over pro-Beijing rivals.

Questioned about Beijing's pledge to dissolve the Hong Kong Legislative Council (Legco) as soon as it takes back Hong Kong on July 1, 1997, Li simply said China had made every effort to negotiate with Britain over the legitimacy of the legislature, "but without success."

China swore to dissolve Legco after Hong Kong Governor Chris Patten unilaterally carried out reforms in 1992, widening the voting franchise.

"China's attitude is very clear: We will not recognise anything that is not contained in the Joint Declaration or contravenes the Basic Law" — Hong Kong's post 1997 mini-constitution, Li said.

China and Britain agreed a joint declaration on the future of Hong Kong in 1984.

Reiterating Beijing's pledge to maintain Hong Kong's capitalist system for 50 years after its reversion to Chinese sovereignty, Li said the territory would "always remain an economic and commercial, financial and trade centre."

"If we try to change the system, the central role of Hong Kong would no longer exist," Li said.

Says Jiang-Clinton Summit Set

*BK1809121495 Hong Kong AFP in English
1201 GMT 18 Sep 95*

[FBIS Transcribed Text] Beijing, Sept 18 (AFP) — Chinese President Jiang Zemin will meet his US counterpart Bill Clinton in New York next month, barring any "unforeseen events" instigated by Washington, Premier Li Peng said Monday.

In an interview with AFP Chairman Lionel Fleury, Li stressed that Sino-US relations had been "tense" in recent months.

"However, we have noted signs from the US side that they are willing to take steps to normalise relations," Li said, while stressing that Washington should now transform its words "into concrete actions."

Bilateral ties went into a tailspin in June after Washington allowed President Lee Teng-hui of Taiwan to make a controversial "private" visit to the United States—overriding strenuous protests from Beijing.

If there are no intervening "accidents or unforeseen events instigated by the US side, there will a meeting

between Presidents Jiang Zemin and Clinton, "during ceremonies for the 50th anniversary of the United Nations in October," Li said. [quotation marks as received]

During the 40-minute interview, the premier revealed that he had met "very recently" with ailing Chinese patriarch Deng Xiaoping, and said he was "in good health."

Li also implicitly confirmed Beijing's resolve to dissolve the newly-elected Hong Kong Legislative Council when the colony reverts to Chinese sovereignty in 1997.

Reiterating Beijing's pledge to maintain Hong Kong's capitalist system for 50 years after 1997, Li said the territory would "always remain an economic and commercial, financial and trade centre."

"If we try to change the system, the central role of Hong Kong would no longer exist," Li said, while indicating that any institutions created in contravention 1984 Sino-British Joint Declaration on Hong Kong would be dismantled.

"China's attitude is very clear: We will not recognise anything that is not contained in the Joint Declaration or contravenes the Basic Law" — Hong Kong's post 1997 mini-constitution, Li said.

Li's remarks came as results from Hong Kong's first all-elected legislature saw pro-democracy parties score an overwhelming victory over pro-Beijing rivals.

On the question of Taiwan, Li stressed that Beijing had never excluded the possibility of using military force against its Nationalist rival.

However, such a scenario would only come into play in order to prevent Taiwan, which Beijing views as a renegade province, "from being separated from the motherland by external forces or pro-independence factions," Li said.

Tensions across the Taiwan Straits have heightened significantly since President Lee's US visit, which prompted China to conduct provocative military exercises off the Taiwanese coast.

Questioned about China's nuclear programme, Beijing is willing "to take part in negotiations on a global ban on nuclear testing," Li said, adding that it would fully respect the Comprehensive Test Ban Treaty (CTBT), scheduled for completion at the end of 1996.

China has conducted two underground nuclear tests this year, and experts predict a further three tests next year.

Li also expressed his wish to visit France, saying negotiations were currently under way to fix a date.

Pronouncing French President Jacques Chirac to be "well disposed" towards China, Li praised the current state of relations between China and the European Union despite the existence of "some small ideological differences." [quotation marks as received]

XINHUA Domestic Covers Li AFP Interview

OW1809173095 Beijing XINHUA Domestic Service
in Chinese 1541 GMT 18 Sep 95

["Li Peng Meets AFP Chairman — Fields Questions on Sino-French Relations, Sino-U.S. Relations, and Other Issues" — XINHUA headline]

[FBIS Translated Text] Beijing, 18 Sep (XINHUA) — In a meeting with AFP Chairman Lionel Fleury at the Zhongnanhai today, State Council Premier Li Peng emphasized: The Chinese Government hopes that President Chirac and his new cabinet will continue the friendly policy toward China pursued by General De Gaulle, and the two countries will make joint efforts to push Sino-French relations in the new historical period to a new phase.

Li Peng said: The Chinese Government appreciates President Chirac's pledge to continue the friendly policy toward China. He believed that the further development of friendly cooperation in various fields between China and France, on the basis of mutual respect, equality, and mutual benefits, will benefit both countries and be conducive to peace, development, and stability in the world.

On Sino-U.S. relations, Li Peng said: China has always attached great importance [yi zhi shi fen zhong shi 0001 4160 0577 0433 6850 6018] to Sino-U.S. relations. In recent months, difficulties occurred in the Sino-U.S. relations. Such a situation was caused by the U.S. side in its allowing Li Denghui [Li Teng-hui] to visit the United States, and was an evil consequence [e guo 1921 2654] resulting from the U.S. side having violated the principles of the three Sino-U.S. Joint Communiques. He pointed out: The maintenance of normal contacts and meetings between leaders of the two powers of China and the United States will be useful and will help enhance mutual understanding and keep normal relations between the two countries.

On the question of Hong Kong, Li Peng said: The Chinese Government will certainly be able to ensure the smooth transfer of political power and steady transition of Hong Kong in 1997 and to maintain Hong Kong's long-term prosperity and stability. He added: Hong Kong's position as an international trade and financial center will not change in the future, and Hong Kong will continue to play its role as a bridge leading China

to the world. Without a doubt, China will organize and establish organizations at various levels in Hong Kong in accordance with the provisions in the Basic Law for the Hong Kong Special Administrative Region.

On the question of Taiwan, Li Peng said: Peaceful reunification of the motherland is the Chinese Government's established policy; however, "we cannot undertake the commitment of abandoning the use of force." Because of interferences of foreign forces and activities of Taiwan independence advocates, we cannot undertake the commitment of abandoning the use of force, in order to show that the Chinese Government will not allow Taiwan's split from the motherland's territory.

In response to Fleury's inquiry about Deng Xiaoping's health, Li Peng said: President Jiang Zemin and I myself visited Comrade Deng Xiaoping recently. "I can personally say that Deng Xiaoping is doing well [deng xiao ping di shen ti shi hao di 6772 1420 1627 4104 6500 7555 2508 1170 4104] as a 91-year-old senior." He emphasized: His being healthy is the common wish of the Chinese people and represents a great inspiration to us.

Li Peng pointed out: China currently enjoys political stability and the economy is developing toward an even better direction. Since 1992, the new generation of the leading core, headed by Comrade Jiang Zemin, has handled all domestic and international affairs entirely on its own.

While briefing the AFP chairman about the focuses of the Chinese Government's work, Li Peng said: The state is formulating the national economic and social development plan for the next five years and the long-range objectives toward the year 2010, concentrating efforts to solve problems concerning how China can usher into the 21st century. To this end, we should continue to adhere to the policy of reform and opening up; and to correctly handle the relations between reform, development, and stability so that China can take a bigger stride in the political, economic, and other fields.

At the meeting, Li Peng reiterated the Chinese Government's consistent position on the issue of nuclear tests.

XINHUA News Agency director Guo Choren and deputy director Gao Qiufu were present at the meeting. Fleury and his entourage arrived in China for a visit at the invitation of the XINHUA News Agency.

XINHUA English Highlights Li's Interview

Sino-French Relations

OW1809142395 Beijing XINHUA in English
1411 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — Chinese Premier Li Peng said today that the Chinese government hopes that the new French government will continue friendly policy towards China pursued by General Charles De Gaulle, and that both sides make joint efforts to move bilateral ties in this new historical period to a new phase.

The Premier made the remarks at a meeting with AFP President Lionel Fleury here this afternoon.

Since the election of Jacques Chirac as president and the formation of the new French government, the French side has repeatedly stated that it will follow a friendly policy towards China, Li Peng said, adding that the Chinese government appreciates it.

Li Peng said he believes that the development of friendly cooperation in various fields between China and France, on the basis of mutual respect, equality, and mutual benefits, will benefit both countries and be conducive to peace, development, and stability in the whole world.

The AFP delegation were here as guests of XINHUA NEWS AGENCY.

Sino-U.S. Ties

OW1809160095 Beijing XINHUA in English
1544 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — China has always attached great importance to Sino-US relations and the current difficulties in the Sino-US relations were entirely caused by the US side, Chinese Premier Li Peng said today.

Li Peng made the remarks at a meeting with AFP President Lionel Fleury in Zhongnanhai, the site of the Chinese government.

In recent months, difficulties occurred in the Sino-US relations, Li Peng said. Such a situation was entirely caused by the US side in its allowing Lee Teng-hui to visit US, he said, adding that this was an evil consequence resulting from the US side violating the principles of the three Joint Communiqués of the two countries.

The maintenance of normal contact and meetings between leaders of the two countries would benefit the

two countries and would help keep normal bilateral relations.

The AFP delegation were here as the guests of China's XINHUA NEWS AGENCY.

Future of Nation

OW1809170595 Beijing XINHUA in English
1654 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — The central task of the Chinese government at present is to confront the question of exactly what a kind of [as received] China will enter the next century, Chinese Premier Li Peng said today.

The Premier made the remarks at a meeting with visiting AFP Chairman Lionel Fleury.

The government is drawing up an economic and social development plan for the next five years and the goal for the year 2010, Li noted, explaining that the program is to include continuing the policy of reforms and opening to the outside world and correctly handling the balance of reforms, development, and stability.

During the 40-minute meeting, Li answered Fleury's questions about Sino-French relations, Sino-US relations, and the Taiwan and Hong Kong issues, and reiterated China's stand on nuclear testing.

Guo Chaoren, director-general of XINHUA NEWS AGENCY, and Gao Qiufu, deputy director-general of XINHUA NEWS AGENCY, were present at the meeting.

The AFP delegation are guests of the news agency.

Taiwan, Hong Kong Issues

OW1809181095 Beijing XINHUA in English
1727 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — China will not commit itself to abandoning the use of force in settling the Taiwan issue, Chinese Premier Li Peng said here today.

The statement came during a meeting with visiting AFP Chairman Lionel Fleury.

In answer to questions of the AFP chairman who is a guest of XINHUA NEWS AGENCY, Li said that peaceful reunification of the motherland is an established policy of the Chinese government.

"We cannot," he pointed out, "commit ourselves to giving up the use of force," explaining that this shows that the Chinese government will not allow the separation of Taiwan from Chinese territory, in view of the interfer-

ence from external forces and activities by the force of Taiwan independence.

On the issue of Hong Kong, Li Peng said the Chinese government is confident that the smooth transfer and stable transition of Hong Kong can be achieved and its long-term prosperity and stability can be guaranteed.

Hong Kong's status as a world trade and financial center would not change and it will continue to play a role as a bridge between China and the rest of the world, Li said.

China will set up future institutions at various levels in Hong Kong in accordance with the Basic Law of the Hong Kong Special Administrative Region.

Chen Muhua Meets Visiting Women's Delegations

OW1609085195 Beijing XINHUA in English
0739 GMT 16 Sep 95

[FBIS Transcribed Text] Beijing, September 16 (XINHUA) — Chen Muhua, vice-chairwoman of the Chinese National People's Congress (NPC) Standing Committee, met respectively with women delegations from Mali, Equatorial Guinea and Cuba at the Great Hall of the People here today.

The delegations were led by Diakite Fatoumata N'Diaye, Balbina Nchama Nvo, ministers of women affairs of Mali and Equatorial Guinea, and Vilma Espin Guilloys, member of the Cuban State Council and president of the Federation of Cuban Women.

They are visiting China as guests of the All-China Women's Federation (ACWF) after attending the Fourth World Conference on Women (FWCW).

In her capacity of the FWCW president, Chen expressed appreciations for the support the three delegations had rendered during the conference.

Women is a great force, and this force can be brought into full play only when they are accorded the same equality and same educational, social and political status as the men, she noted.

She voiced the hope that women of all countries should continue to strive for "equality, development and peace."

As the ACWF president, Chen also expressed the belief that their visit here will serve to enhance the friendship between the Chinese people and the people of the three countries, and to augment the understanding and friendly cooperation between the Chinese women and women of these countries.

The three delegations congratulated the Chinese government on the success of this great gathering, and expressed the hope that the governments of all countries

should work to implement the Beijing Declaration and the Program of Action so as to advance the women's cause.

Official Calls For Greater Role for IAEA

OW1909075395 Beijing XINHUA in English
0732 GMT 19 Sep 95

[FBIS Transcribed Text] Vienna, September 18 (XINHUA) — A Chinese official today called for a bigger role for the International Atomic Energy Agency (IAEA) to play in the prevention of nuclear proliferation to safeguard world peace and security.

Jiang Xinxiong, head of the Chinese delegation to the 39th IAEA conference, expounded China's position on the peaceful use of nuclear energy, the prevention of nuclear proliferation and the guaranteeing of nuclear safety while addressing the meeting here today.

He said the IAEA should assume a bigger role in the prevention of nuclear proliferation to safeguard world peace and security and in strengthening international cooperation in the peaceful use of nuclear energy so as to promote the development of nuclear energy industry and the application of nuclear technology in the world, especially in those developing countries.

On the prevention of nuclear proliferation, Jiang said China attaches importance to the agency's safeguard and inspection work and supports the agency's endeavor to adopt appropriate measures to improve the effectiveness and efficiency of the safeguards system. But, he stressed, the improved system should be a just, objective, reasonable, transparent and practicable one.

The enhancing of the peaceful use of nuclear energy and the international cooperation in the field will play a very important role in promoting the economic prosperity and social development of IAEA member countries, especially those developing countries, he said.

On nuclear safety, Jiang said the Chinese government always attaches great importance to nuclear safety and to the supervision of nuclear wastes.

He also briefed the conference on China's nuclear energy industry, saying because of the rapid growth of the Chinese economy and the concomitant increasing demand for energy, the industry will make considerable progress in China.

Further on UN Fourth World Conference on Women

Butrus-Ghali Sends Message

OW1509133695 Beijing XINHUA in English
1258 GMT 15 Sep 95

[FBIS Transcribed Text] Beijing, September 15 (XINHUA) — UN Secretary-General Butrus Butrus-Ghali said today that the decisions reached at the UN Fourth World Conference on Women (FWCW) in Beijing must be translated into concrete action.

The remarks were conveyed by Butrus-Ghali's special representative and Under-Secretary-General Ismat Kittani.

In his message read by Kittani, Butrus-Ghali noted that now the momentum of Beijing must be translated into concrete action. "We must all ensure that the decisions reached here will change the world."

"The commitments made in Beijing are not only the result of diplomatic negotiation. Behind them lies the strong and organized power of the women's movement. The entire continuum of global conferences and summits has been shaped by the growing influence, passion and intellectual conviction of the women's movement," Butrus-Ghali said.

The message of the conference is that women's issues are "global and universal," Butrus-Ghali said, adding there has emerged a consensus that equality of opportunity for all people is essential to the construction of just and democratic societies for the next century." [quotation marks as received]

The fundamental linkages between the three objectives of the conference - equality, development and peace - are now recognized by all, he said.

Butrus-Ghali said that the movement for gender equality the world over, has been one of the defining developments of our time. "I am proud and honored that the United Nations has been part of this movement."

Describing the Platform for Action as a powerful agenda for the empowerment of women, he said, "I ask that it receive wide dissemination globally, regionally and locally. The implementation of its goals, objectives and measures must be actively monitored. And it must be further strengthened, as needed, to take account of new developments as they emerge."

Despite the progress made, he went on, much, much more remains to be done. While women have made significant advances in many societies, women's concerns are still given second priority almost everywhere, he said.

"Women face discrimination and marginalization in subtle as well as in flagrant ways. Women do not share equally in the fruits of production," Butrus-Ghali said, adding women make up 70 percent of the world's poor.

He stressed that the UN will intensify the close ties and working relationships that already exist with the NGO [non-governmental organization] community at the global and national levels.

At the time when the world celebrates the 50th anniversary of the founding of the UN, Butrus-Ghali said, "Let us work together to ensure that the equal rights of men and women, enshrined in the Charter, become a reality."

"Let us tell the world - and let us tell it with pride: the empowerment of women is the empowerment of all humanity," the Secretary-General added.

The Secretary-General also expressed his thanks to the host country, saying, "All of us owe a debt of gratitude to the People's Republic of China." "Thank you, China, for being hosts to the world," he said, adding he had followed, with the closest attention, the developments of the conference.

Overview of Conference

OW1509164795 Beijing XINHUA in English
1533 GMT 15 Sep 95

[FBI Transcribed Text] Beijing, September 15 (XINHUA) — The United Nations Fourth World Conference on Women (FWCW), the largest in UN history, ended at Beijing International Convention Center this afternoon after adopting the Platform for Action and Beijing Declaration.

The conference, which opened on September 4, has held 16 plenary sessions, of which 13 were general exchange of views. A total of 270 representatives from 197 countries and regions, UN institutions and non-governmental organizations have exchanged views on "equality, development and peace", the theme of the conference, and reached common understanding on a variety of issues.

Among those attending the conference were five heads of state or governments, 27 first ladies, along with heads and deputy heads of parliaments, vice presidents, vice premiers and ministers.

The fruitful results in the general exchange of views have paved the way for a smooth adoption of the two major documents of the conference during this afternoon's closing session.

Ismat Kittani, Under Secretary-General of the United Nations and special advisor to UN Secretary-General Butrus Butrus-Ghali read a message from Butrus-Ghali.

Mrs. Gertrude Mongella, Secretary-General of the FWCW and Chen Mubua, president of the conference and head of the Chinese government delegation, also addressed the closing ceremony.

"All of us owe a debt of gratitude to the People's Republic of China" for hosting one of the largest global conference ever held, Butrus-Ghali said in the message. "Thank you, China, for being hosts to the world."

Butrus-Ghali, expressing congratulation, said the conference has been a far-reaching success.

Mrs. Mongella expressed her gratitude to the Chinese government and people, too.

Addressing the session, Chen Mubua said the success of the conference indicates that advancement of women's status has not only been the call for the vast majority of women, but also the demand of the times and a common aspiration of all the mankind.

Its success also demonstrates that "the governments of various countries and the international community have shared the political will and determination in promoting equality between women and men, seeking equality, development and peace," she said.

The conference also passed the resolution to express the thanks of the representatives to the Chinese government.

Ms. Sara Ramamonjisoa, representative of the Coalition of Youth Non-governmental Organizations; James Wolfensohn, president of the World Bank; Alberto Fujimori, president of the Republic of Peru and Mrs. Harlem Brundtland, Prime Minister of the Kingdom of Norway addressed a plenary session this morning.

Turning the "economic miracle" into a "social miracle", which is expected to improve women's economic and social status, requires the decisive participation of women, said the Peruvian president, who also gave an account of the family planning policy in Peru.

At the proposal of Mrs. Mongella, the delegates present at the plenary session then performed a ceremony praying for peace.

All lights in the conference hall were turned off and representatives in the hall stood up, waving the torches in their hands, calling for peace.

Peng Pelyun Comments

OW1509165295 Beijing XINHUA in English
1502 GMT 15 Sep 95

[FBI Transcribed Text] Beijing, September 15 (XINHUA) — The just-concluded UN Fourth World Conference on Women (FWCW) is a milestone on the road

of realizing gender equality and promoting global peace and development, chairperson of the FWCW China Organizing Committee said here this evening.

Speaking at a joint press conference with FWCW Secretary-General Gertrude Mongella, Peng Peiyun, chairperson of the China Organizing Committee of FWCW, said that "the Beijing Declaration and the Platform for Action adopted by the conference will produce great and far-reaching impact on the women's cause of this century and the coming century as well."

Peng Peiyun, also Chinese State Councillor, said this gathering of women across the world is the largest held ever in the history of the United Nations.

This indicates that promoting equality between men and women and improving women's status have become an irreversible trend in the world today, she said.

She expressed her appreciation and gratitude for the support and cooperation rendered by the United Nations and the participants from around the world.

"The Chinese government will fulfill its commitment for furthering the advancement of Chinese women," she added.

'Full Text' of Beijing Declaration on Women

OW1509144495 Beijing XINHUA in English
1425 GMT 15 Sep 95

[FBIS Transcribed Text] Beijing, September 15 (XINHUA) — Following is the full text of the Beijing Declaration adopted today at the closing session of the UN Fourth World Conference on Women.

Beijing DECLARATION

1. We, the Governments, participating in the Fourth World Conference on Women,
2. Gathered here in Beijing, in September 1995, the year of the fiftieth anniversary of the founding of the United Nations,
3. Determined to advance the goals of equality, development and peace for all women everywhere in the interest of all humanity,
4. Acknowledging the voices of all women everywhere and taking note of the diversity of women and their roles and circumstances, honoring the women who paved the way and inspired by the hope present in the world's youth,
5. Recognize that the status of women has advanced in some important respects in the past decade but that progress has been uneven, inequalities between women and men have persisted and major obstacles remain,

with serious consequences for the well-being of all people,

6. Also recognize that this situation is exacerbated by the increasing poverty that is affecting the lives of the majority of the world's people, in particular women and children, with origins in both the national and international domains,

7. Dedicate ourselves unreservedly to addressing these constraints and obstacles and thus enhancing further the advancement and empowerment of women all over the world, and agree that this requires urgent action in the spirit of determination, hope, cooperation and solidarity, now and to carry us forward into the next century.

We reaffirm our commitment to:

8. The equal rights and inherent human dignity of women and men and other purposes and principles enshrined in the Charter of the United Nations, to the Universal Declaration of Human Rights and other international human rights instruments, in particular the Convention on the Elimination of All Forms of Discrimination against Women and the Convention on the Rights of the Child, as well as the Declaration on the Elimination of Violence against Women and the Declaration on the Right to Development;

9. Ensure the full implementation of the human rights of women and of the girl child as an inalienable, integral and indivisible part of all human rights and fundamental freedoms;

10. Build on consensus and progress made at previous United Nations conferences and summits - on women in Nairobi in 1985, on children in New York in 1990, on environment and development in Rio de Janeiro in 1992, on human rights in Vienna in 1993, on population and development in Cairo in 1994 and on social development in Copenhagen in 1995 with the objectives of achieving equality, development and peace;

11. Achieve the full and effective implementation of the Nairobi Forward-looking Strategies for the Advancement of Women;

12. The empowerment and advancement of women, including the right to freedom of thought, conscience, religion and belief, thus contributing to the moral, ethical, spiritual and intellectual needs of women and men, individually or in community with others and thereby guaranteeing them the possibility of realizing their full potential in society and shaping their lives in accordance with their own aspirations.

We are convinced that:

13. Women's empowerment and their full participation on the basis of equality in all spheres of society, including participation in the decision-making process and access to power, are fundamental for the achievement of equality, development and peace;

14. Women's rights are human rights;

15. Equal rights, opportunities and access to resources, equal sharing of responsibilities for the family by men and women, and a harmonious partnership between them are critical to their well-being and that of their families as well as to the consolidation of democracy;

16. Eradication of poverty based on sustained economic growth, social development, environmental protection and social justice requires the involvement of women in economic and social development and equal opportunities and the full and equal participation of women and men as agents and beneficiaries of people-centered sustainable development;

17. The explicit recognition and reaffirmation of the right of all women to control all aspects of their health, in particular their own fertility, is basic to their empowerment;

18. Local, national, regional and global peace is attainable and is inextricably linked with the advancement of women, who are a fundamental force for leadership, conflict resolution and the promotion of lasting peace at all levels;

19. It is essential to design, implement and monitor, with the full participation of women, effective, efficient and mutually reinforcing gender-sensitive policies and programs, including development policies and programs, at all levels that will foster the empowerment and advancement of women;

20. The participation and contribution of all actors of civil society, particularly women's groups and networks and other non-governmental organizations and community-based organizations, with full respect for their autonomy, in cooperation with Governments, are important to the effective implementation and follow-up of the Platform for Action;

21. The implementation of the Platform for Action requires commitment from Governments and the international community. By making national and international commitments for action, including those made at the Conference, Governments and the international community recognize the need to take priority action for the empowerment and advancement of women.

We are determined to:

22. Intensify efforts and actions to achieve the goals of the Nairobi Forward-looking Strategies for the Advancement of Women by the end of this century;

23. Ensure the full enjoyment by women and the girl child of all human rights and fundamental freedoms, and take effective action against violations of these rights and freedoms;

24. Take all necessary measures to eliminate all forms of discrimination against women and the girl child and remove all obstacles to gender equality and the advancement and empowerment of women;

25. Encourage men to participate fully in all actions towards equality;

26. Promote women's economic independence, including employment, and eradicate the persistent and increasing burden of poverty on women by addressing the structural causes of poverty through changes in economic structures, ensuring equal access for all women, including those in rural areas, as vital development agents, to productive resources, opportunities and public services;

27. Promote people-centered sustainable development, including sustained economic growth through the provision of basic education, life-long education, literacy and training, and primary health care for girls and women;

28. Take positive steps to ensure peace for the advancement of women and, recognizing the leading role that women have played in the peace movement, work actively towards general and complete disarmament under strict and effective international control, and support negotiations on the conclusion, without delay, of a universal and multilaterally and effectively verifiable comprehensive nuclear-test-ban treaty which contributes to nuclear disarmament and the prevention of the proliferation of nuclear weapons in all its aspects;

29. Prevent and eliminate all forms of violence against women and girls;

30. Ensure equal access to and equal treatment of women and men in education and health care and enhance women's sexual and reproductive health as well as education;

31. Promote and protect all human rights of women and girls;

32. Intensify efforts to ensure equal enjoyment of all human rights and fundamental freedoms for all women and girls who face multiple barriers to their empowerment and advancement because of such factors as their race, age, language, ethnicity, culture, religion, or disability, or because they are indigenous people;

33. Ensure respect for international law, including humanitarian law, in order to protect women and girls in particular;

34. Develop the fullest potential of girls and women of all ages, ensure their full and equal participation in building a better world for all and enhance their role in the development process.

We are determined to:

35. Ensure women's equal access to economic resources including land, credit, science and technology, vocational training, information, communication and markets, as a means to further the advancement and empowerment of women and girls, including through the enhancement of their capacities to enjoy the benefits of equal access to these resources, inter alia, by means of international cooperation;

36. Ensure the success of the Platform for Action which will require a strong commitment on the part of Governments, international organizations and institutions at all levels. We are deeply convinced that economic development, social development and environmental protection are interdependent and mutually reinforcing components of sustainable development, which is the framework for our efforts to achieve a higher quality of life for all people. Equitable social development that recognizes empowering the poor, particularly women living in poverty, to utilize environmental resources sustainably is a necessary foundation for sustainable development. We also recognize that broad-based and sustained economic growth in the context of sustainable development is necessary to sustain social development and social justice. The success of the Platform for Action will also require adequate mobilization of resources at the national and international levels as well as new and additional resources to the developing countries from all available funding mechanisms, including multilateral, bilateral and private sources for the advancement of women; financial resources to strengthen the capacity of national, subregional, regional and international institutions; a commitment to equal rights, equal responsibilities and equal opportunities and to the equal participation of women and men in all national, regional and international bodies and policy-making processes; the establishment or strengthening of mechanisms at all levels for accountability to the world's women;

37. Ensure also the success of the Platform for Action in countries with economies in transition, which will require continued international cooperation and assistance;

38. We hereby adopt and commit ourselves as Governments to implement the following Platform for Ac-

tion, ensuring that a gender perspective is reflected in all our policies and programs. We urge the United Nations system, regional and international financial institutions, other relevant regional and international institutions and all women and men, as well as non-governmental organizations, with full respect for their autonomy, and all sectors of civil society, in cooperation with Governments, to fully commit themselves and contribute to the implementation of this Platform for Action.

XINHUA Highlights 'Platform for Action'

On Addressing Poverty

OW1509155795 Beijing XINHUA in English
1442 GMT 15 Sep 95

[FBIS Transcribed Text] Beijing, September 15 (XINHUA) — The Platform for Action adopted at the UN Fourth World Conference on Women urges all governments and the international institutions concerned to take concrete actions to implement all those policies and programs aimed at helping women overcome poverty.

The Platform says that women are continuously and increasingly burdened with poverty.

The Platform gives first priority to the poverty of women in its 12 listed critical areas of concern.

It says that more than 1 billion people in the world today, the great majority of whom are women, live in unacceptable conditions of poverty. It (poverty) occurs in all countries — as mass poverty in many developing countries and as pockets of poverty amidst wealth in developed countries.

The document attributes the major cause of poverty to uncertain global economic climate accompanied by economic restructuring as well as, in a certain number of countries, persistent, unmanageable levels of external debt and structural adjustment programs, all types of conflicts, displacement of people and environmental degradation and the gender disparities in economic power-sharing.

The Platform points out the empowerment of women is a critical factor in the eradication of poverty. "Sustainable development and economic growth that is both sustained and sustainable are possible only through improving the economic, social, political, legal and cultural status of women," it says.

The success of policies and measures aimed at supporting or strengthening the promotion of gender equality and the improvement of the status of women should be based on the integration of the gender perspective in general policies relating to all spheres of society as well as the implementation of positive measures with

adequate institutional and financial support at all levels, it says.

In order to help women overcome poverty, the Platform says that all governments should review and modify, with the full and equal participation of women, macro-economic and social policies.

It says all governments should analyze, from a gender perspective, policies and programs, and adjust them, as appropriate, to promote more equitable distribution of productive assets, wealth, opportunities, income and services; pursue and implement sound and stable macro-economic and sectoral policies; introduce measures to integrate or reintegrate women living in poverty and socially marginalized women into productive employment and the economic mainstream.

The Platform calls on all governments to enable women to obtain affordable housing and access to land, by, among other things, removing all obstacles to access, with special emphasis on meeting the needs of women, especially those living in poverty and female heads of household.

It also urges governments to formulate and implement policies and programs that enhance the access of women agricultural and fisheries producers to financial, technical, extension and marketing services; promote household food security, especially in rural areas and, where appropriate, encourage the development of producer-owned, market-based cooperatives.

The Platform appeals for supports to women by providing legal services, undertaking legislative and administrative reforms and granting credit to them.

Multilateral financial and development institutions, including the World Bank, the International Monetary Fund and regional development institutions, should, through bilateral development cooperation, provide services to target women in poverty and create an enabling environment that allows women to build and maintain sustainable livelihoods.

On Education

OW1509161295 Beijing XINHUA in English
1447 GMT 15 Sep 95

[FBIS Transcribed Text] Beijing, September 15 (XINHUA) — The Platform for Action points out that education is a basic human right and an essential tool for achieving the goals of equality, development and peace. Non-discriminatory education benefits both girls and boys, and thus ultimately contributes to more equal relationships between women and men.

The Platform says, literacy of women is an important key to improving health, nutrition and education in the family and to empowering women to participate in decision-making in society. Investing in formal and non-formal education and training for girls and women, with its exceptionally high social and economic return, has proved to be one of the best means of achieving sustainable development and economic growth that is both sustained and sustainable.

It points out, although girls and boys have achieved equal access to primary education, girls cannot get full access to high-quality education. Science curricula in particular are gender-biased. More than two thirds of the 960 million illiterate adults worldwide are women.

Actions proposed by the Platform for governments include:

- By the year 2000, universal access to basic education and completion of primary education by at least 80 percent of primary school-age children; closing the gender gap in primary and secondary school education by the year 2005; universal primary education in all countries before the year 2015;

- Eliminate gender disparities in access to all areas of tertiary education by ensuring that women have equal access to career development, training, scholarship and fellowship, and by adopting positive action when appropriate;

- Reduce the female illiteracy rate to at least half its 1990 level by 2000, with emphasis on rural women, migrant, refugee and internally displaced women and women with disabilities;

- Develop and implement education, training and retraining policies for women, especially young women and women re-entering the labour market, to provide skills to meet the needs of a changing socio-economic context for improving their employment opportunities;

- Develop non-discriminatory education and training, including vocational training, in science and technology;

- Allocate sufficient resources for educational reforms and monitor implementation.

The Platform suggests that multilateral development institutions, including the World Bank, regional development banks, bilateral donors and foundations should increase funding for the education and training needs of girls and women as a priority in development assistance programmes.

The Platform also asks governments, educational institutions and communities to provide support for child care and other services to enable mothers to continue their

schooling; to create flexible education, training and re-training programmes for life-long learning that facilitate transitions between women's activities at all stages of their lives.

On Health Care

*OW1509161895 Beijing XINHUA in English
1503 GMT 15 Sep 95*

[FBIS Transcribed Text] Beijing, September 15 (XINHUA) — The Platform for Action adopted at the United Nations Fourth World Conference on Women says, women have the right to the enjoyment of the highest attainable standard of physical and mental health. The enjoyment of this right is vital to their life and well-being and their ability to participate in all areas of public and private life.

The Platform points out, health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity. Women's health involves their emotional, social and physical well-being, and is determined by the social, political and economic context of their lives, as well as by biology.

However, health and well-being elude the majority of women. The major barriers for women to the achievement of the highest attainable standard of health is inequality, both between men and women and among women in different geographical regions, social classes and indigenous and ethnic groups.

Actions proposed by the Platform to governments include:

- Reaffirm the right to the enjoyment of the highest attainable standards of physical and mental health, protect and promote the attainment of this right for women and girls and incorporate it in national legislation; review existing legislation, including health legislation, as well as policies, where necessary, to reflect a commitment to women's health and to ensure that they meet the changing roles and responsibilities of women wherever they reside;

- Design and implement gender-sensitive health programmes, including decentralized health services, that address the needs of women throughout their lives;

- Strengthen preventive programmes that address threats to women's health;

- Undertake gender-sensitive multisectoral initiatives that address sexually transmitted diseases, the HIV/AIDS pandemic and other sexual and reproductive health issues;

- Promote research and information dissemination on women's health;

- Increase budgetary allocations for primary health care and social services, with adequate support for secondary and tertiary levels, and give special attention to the reproductive and sexual health of girls and women; priority should be given to health programmes in rural and poor urban areas; and

- Establish, as appropriate, ministerial and inter-ministerial mechanisms, for monitoring the implementation of women's health policy and programme reforms, and establish, as appropriate, high-level focal points in national planning authorities responsible for monitoring to ensure that women's health concerns are mainstreamed in all relevant government agencies and programmes.

On Violence Against Women

*OW1509162595 Beijing XINHUA in English
1505 GMT 15 Sep 95*

[FBIS Transcribed Text] Beijing, September 15 (XINHUA) — The Platform for Action adopted here today at the UN Fourth World Conference says that violence against women is an obstacle to the achievement of the objectives of equality, development and peace and pre-supposition to raise women's status is to eliminate the effect on women by armed and other forms of conflicts.

The Platform says that term "violence against women" means any act of gender-based violence that results in, or is likely to result in, physical, sexual or psychological harm or suffering to women, including threats of such acts, coercion or arbitrary deprivation of liberty, whether occurring in public or private life.

The Platform points out that "Violence against women is exacerbated by social pressures, notably the shame of denouncing certain acts that have been perpetrated against women; the lack of laws that effectively prohibit violence against women; and the absence of educational and other means to address the causes and consequences of violence. Images in the media of violence against women, in particular, those that depict rape or sexual slavery as well as the use of women and girls as sex objects, including pornography, factors contributing to the continued prevalence of such violence."

To eliminate violence against women, the Platform for Action urges governments to condemn violence against women; provide women who are subjected to violence with access to the mechanisms of justice; enact and enforce legislation against the perpetrators of practices and acts of violence against women.

The Platform also urges governments to provide shelters and relief support for girls and women subjected to violence, as well as medical, psychological and other

counselling services, and develop counselling, healing and support programs for girls, adolescents and young women who have been or are involved in abusive relationships.

The document urges government to raise awareness of the responsibility of the media in promoting non-stereotyped images of women and men, as well as in eliminating patterns of media presentation that generates violence, and encourage those responsible for media content to establish professional guidelines and codes of conduct.

It calls on governments, international and non-governmental organizations to promote research, collect data and compile statistics, especially concerning domestic violence relating to the prevalence of different forms of violence against women.

Governments should consider the ratification and enforcement of international conventions on trafficking in persons and slavery, develop educational and training programs and policies and consider enacting legislation aimed at preventing sex tourism and trafficking, giving special emphasis to the protection of young women and children, according to the Platform.

The Platform says that armed and other types of conflicts have not decreased since the end of the Cold War. Women and children constitute some 80 percent of the 23 million refugees and of the 26 million displaced persons in the world.

The Platform for Action points out that governments and international and regional organizations should increase and strengthen the participation of women in processes of national reconciliation and reconstruction after all forms of conflict.

Governments should consider the ratification of or accession to international instruments containing provisions relative to the protection of women and children in armed conflict, according to the document.

The Platform for Action also encourages governments, international organizations and non-governmental organizations to take all the necessary steps to ensure the right of refugee and displaced women to safe and protected return to their homes.

On Rights of Female Children

*OW1509163795 Beijing XINHUA in English
1525 GMT 15 Sep 95*

[FBIS Transcribed Text] Beijing, September 15 (XINHUA) — The Platform for Action adopted here today by the UN Fourth World Conference on Women appeals for immediate measures by all governments to eliminate

all kinds of discrimination against girl children and violation of their rights.

The 150-page official document dedicates five pages to address girl child issues.

It sets forth nine strategic goals for this purpose, including ending all forms of discrimination against girl children, eliminating negative cultural attitude and actions against them, abolishing discrimination against them on education, technological development, health care, nutrition and other aspects, and stopping any violence against them.

The UN official document requests governments of all nations to develop and implement comprehensive policies, plans of action and programs for the girl children's survival, protection, development and advancement, eliminate the injustice and obstacles in relation to inheritance faced by the girl child and ensure equal right to inherit, regardless of the sex of the child.

It also says that governments should enact laws concerning the minimum legal age of consent and the minimum age for marriage and raise the minimum age for marriage where necessary.

Governments should ensure universal and equal access to and completion of primary education by all children and eliminate the existing gap between girls and boys.

The document asks all governments, international and non-governmental organizations to provide public information concerning the removal of discriminatory practices against girls in food allocation, nutrition and access to health services, and take all measures to abolish traditional practices prejudicial to the health of children.

It also requires governments to protect children from economic exploitation and from performing any work that is likely to harm or to interfere with their education, health or their physical, mental, spiritual, moral or social development.

On Economic, Political Power

*OW1509164595 Beijing XINHUA in English
1547 GMT 15 Sep 95*

[FBIS Transcribed Text] Beijing, September 15 (XINHUA) — The Platform for Action approved by the UN Fourth World Conference on Women devotes much space to women's economic participation, their share of policy-making power, and human rights.

It also offers suggestions of actions to be taken by various governments in line with the document.

On the economic participation, the Platform said in most parts of the world, women are virtually absent from or

are poorly represented in economic decision-making, including the formulation of financial, monetary, commercial and other economic policies, as well as tax systems and rules governing pay.

It stated that the actual development of these economic structures and policies has a direct impact on women's and men's access to economic resources, their economic power and consequently the extent of equality between them at the individual and family levels as well as in society as a whole.

The actions that the Platform urges various governments to take mainly include:

Enact and enforce legislation to guarantee the rights of women and men to equal pay for equal work or work of equal value;

Adopt and implement laws against discrimination based on sex in the labor market, hiring and promotion, the extension of employment benefits and social security, and working conditions;

Eliminate discriminatory practices by employers and take appropriate measures in consideration of women's reproductive role and functions;

Take positive action to facilitate women's equal access to resources, employment, markets and trade;

Provide business services and access to markets, information and technology to low-income women;

Eliminate occupational segregation and all forms of employment discrimination.

On women's share of policy-making power, the Platform said women's equal participation in political life plays a pivotal role in the general process of the advancement of women.

Governments' actions to be taken include:

Commit themselves to establishing the goal of gender balance in governmental bodies and committees, as well as in public administrative entities, and in the judiciary;

Protect and promote the equal rights of women and men to engage in political activities and to freedom of association, including membership in political parties and trade unions;

Review the differential impact of electoral systems on the political representation of women in elected bodies and consider, where appropriate, the adjustment or reform of those systems;

Aim at gender balance in the lists of national candidates nominated for election or appointment to UN bodies, specialized agencies and other autonomous organizations

tions of the UN system, particularly for posts at the senior level.

On women's human rights, the Platform noted that the human rights of women and girl child are an inalienable, undividable and integral part of universal human rights. A full and equitable share of all human rights and basic freedoms by women and girl child is a priority for all governments and the UN, and this is crucial to the advancement of women.

Governments' actions to be taken include:

Work actively towards ratification or accession to and implementation of international and regional human rights treaties;

Ratify or accede to and ensure implementation of the Convention on the Elimination of All Forms of Discrimination against Women so that universal ratification of the Convention can be achieved by the year 2000;

Develop a comprehensive human rights education program to raise awareness among women of their human rights and among others of the human rights of women;

Take urgent measures to achieve universal ratification of or accession to the Convention on the Rights of the Child before the end of 1995.

Provide constitutional guarantees and enact appropriate legislation to prohibit discrimination on the basis of sex for all women and girls of all ages equal rights and their full enjoyment;

Take urgent action to combat and eliminate violence against women.

On Media's Portrayal of Women

OW1509165395 Beijing XINHUA in English
1547 GMT 15 Sep 95

[FBIS Transcribed Text] Beijing, September 15 (XINHUA) — The Platform for Action approved here today by the UN Fourth World Conference on Women affirms "everywhere the potential exists for the media to make a far greater contribution to the development of women."

The 150-page official document requires all governments and international organizations to enhance the role of traditional and modern mass media to promote the awareness of equality between women and men effectively.

The Platform says that the continued projection of negative and degrading images of women in various media communications "must be changed."

It also points out that print and electronic media in most countries do not provide a balanced picture of women's

diverse lives and contributions to society in a changing world.

In addition, violent and degrading or pornographic media products are also negatively affecting women and their participation in society.

To immediately change the situation, the Platform proposes the strategic goals such as to increase the participation and enhance the access of women to expression and decision-making in and through the media and new technologies of communications, and to promote a balanced portrayal of women in the media.

To reach the goals, the document requests that all governments should support women's education, training and employment and ensure women's equal access to all areas and levels of the media, and encourage the development of educational and training programs for women.

Governments should also promote research and implementation of a strategy of information, education and communications with a view to promoting a balanced portrayal of women and the girl child and their roles in the various aspects.

On Improving Women's Status

OW1509170695 Beijing XINHUA in English
1557 GMT 15 Sep 95

[FBIS Transcribed Text] Beijing, September 15 (XINHUA) — The Platform for Action adopted today at the UN Fourth World Conference on Women noted governments and international organizations should strengthen the state and international mechanisms related with women so as to promote the advancement of women's status.

State mechanism for the advancement of women has been established in almost every member state, but these mechanisms are marginalized in national government structures, these mechanisms are frequently hampered by unclear mandates, lack of adequate staff, training, data and sufficient resources, and insufficient support from national political leadership, the document noted.

At the regional and international levels, mechanisms and institutions to promote the advancement of women encounter similar problems emanating from a lack of commitment at highest levels.

The Platform for Action noted that a national mechanism for the improvement of women's status is the central policy-coordinating unit inside government. Its main task is to support government-wide mainstreaming of a gender-equality perspective in all policy areas.

On this question, the major actions the Platform suggests that governments of various countries and international organizations take include: location at the highest possible level in the government under the responsibility of a cabinet minister; such state organs should have clearly defined mandates and authority; critical elements would be adequate resources, ability and competence to influence policy and formulate and review legislation.

The Platform for Action has also suggested that governments and the United Nations intensify collection and analysis of data related to women.

United States & Canada

Article Says U.S. Anti-China Forces Declining

HK1909081595 Hong Kong WEN WEI PO in Chinese
9 Sep 95 p A2

["Special article" by New York-based WEN WEI PO special correspondent Kuan Wen-liang (7070 2429 0081): "Pro-Taiwan U.S. Congressmen Abandon Elections One After Another—on Absence of Anti-China Foundation in U.S. Society"]

[FBIS Translated Text] New York, 7 Sep—There are signs that Sino-U.S. relations are bottoming out. Apart from the fact that neither China nor the United States want their relations to deteriorate further, the trend of domestic politics in the United States will not allow Washington politicians or the mainstream media to plunge Sino-U.S. relations into a breakdown. As the U.S. general election is to be held next year, both Democrats and Republicans will place emphasis on internal politics in face of the increasingly realistic electorate. In view of this, in spite of rampant anti-China forces in the U.S. superstructure, they do not have an anti-China foundation, and U.S. conservative and pragmatic politics, which are gaining ground gradually, will help Beijing promote its diplomatic ties with the United States.

A Breakthrough in Sino-U.S. Relations Is Unlikely This Year

President Bill Clinton sees no reason to undermine Sino-U.S. relations. Aside from complaining about Beijing's "human rights" record, he can make it clear that in the light of international reality and the importance of economic and trade interests, the United States should not isolate China. Republican presidential candidates can do nothing more than criticize the White House for "being weak on the diplomatic front" and for overly "yielding to Beijing." This cannot undermine the basis of Sino-U.S. relations that have been safeguarded by the previous six presidents. Moreover, in the history of U.S.

general elections, under normal circumstances foreign policy has never been a key factor in election battles.

In view of the U.S. political situation and the mainstream media's hostility to and bias against China, it is unlikely that Sino-U.S. relations will either achieve a breakthrough or take a turn for the worse by the end of 1996. Even if Beijing puts greater pressure on the United States on the Taiwan issue, Sino-U.S. relations will not become worse [ji shi bei jing zai tai wan wen ti shang zai xiang mei guo shi jia geng da ya li, zhong mei guan xi ye bu hui bian de geng cha 0613 0169 0554 0079 0961 0669 3494 0795 7344 0006 0375 0686 5019 0948 2457 0502 2577 1129 1090 0500, 0022 5019 7070 4762 0048 0008 2585 6239 1779 2577 1567]. First, neither the Democrats nor the Republicans put Sino-U.S. ties high on the agenda for debate in the general election. Second, the fact that many senior anti-China congressmen will not stand in next year's election will be beneficial to Sino-U.S. relations.

There are 33 seats in the Senate up for election next year, of which 15 are Democratic seats and 18 are Republican seats. As far as the Democratic Party is concerned, seven incumbent senators have announced their retirement, including at least three notorious anti-China politicians: Claiborne Pell (Rhode Island), Paul Simon (Illinois), and Bill Bradley (New Jersey). The others are J. James Exon (Nebraska), Howell Heflin (Alabama), J. Bennett Johnston (Louisiana), and David H. Pryor (Arkansas).

Many Anti-China Politicians Announce Their Abandonment of the Elections

Pell, among others, has supported "Taiwan independence" for more than 20 years. Simon has been a notorious pro-Taiwan hardliner in recent years. Bradley, a senior member of the liberal camp, often accuses Beijing of "violating human rights." Of the 18 Republican senators, Hank Brown (Colorado), who has served as one of the mouthpieces of the Taiwan authorities in recent years, also has decided to abandon the elections. Even though the next term of Congress will still be controlled by the Republicans, the resignation of a number of diehard anti-China congressmen will certainly bring some benefits to Sino-U.S. relations.

The anti-China forces in the United States have expanded in recent years largely because the Democratic liberal politicians and media have joined the anti-China ranks and sing in chorus with anticommunist and anti-China politicians within the Republican Party. Yet such an anti-China chorus is extremely discordant with the trend of domestic political reform in the United States. The Democratic liberal camp collapsed all along the line in last year's midterm elections, suffering the most

serious setback in 40 years. Their liberal values have been cast aside by the U.S. electorate. In fact, since the 1960's, the influence of the liberal camp has begun to wane. The U.S. electorate believes that they create confusion in traditional culture and values and advocate impractical politics that undermine U.S. society. Their empty clamor for "human rights" and "civil rights" cannot solve any problem, either. What the electorate calls for is social order, rational politics, and a sense of predictable security. It is concerned about family, community, and economic protection, but is opposed to the social violence, drug abuse, deterioration of public order, homosexuality, and abortion on demand that are condoned by liberals.

American People Spurn Liberalism

China has all along attached high importance to its relations with the United States. In the face of unwarranted bullying and oppression, it has endured humiliation and fought on just grounds and with restraint. Beijing has always kept a very low profile in its words and deeds. What it stresses is mutual benefit between China and the United States in economy and trade, increasing understanding and mutual trust, and reducing trouble. As a matter of fact, China's rapid economic growth of recent years will not affect the economic status of the United States; still less will it be a military threat to the United States. The anti-China words and deeds currently flooding the United States are only produced by politicians and the elitist media, yet the positions of elitist politics and the elitist media in the United States have been declining constantly.

Since the 1960's, there has been a trend in U.S. society—it does not trust the elite any longer. There is a joke in political circles in Washington: One had better not read THE NEW YORK TIMES if one wants to fully understand the United States. This is no joke at all, because the values of the elitist media have become divorced from those of the American people, the majority of whom no longer accept the liberal stand. In 1993, New York City, as the strongest fortress of Democratic liberals in the United States, fell with the election of the first Republican mayor in decades. The following year, Democratic liberal Governor Cuomo, strongly backed by the elitist media, was also defeated... let alone other places.

Stirring Up Anti-China Sentiments Does Not Arouse an Echo

A new upsurge of anti-elitist politics has been set off in the United States. In 1960, the American people were obsessed with and worshipped President John Kennedy. His family background, level of education, wealth, and

status were all representative of an elitist politician. Thirty years later, however, Clinton, who is also one of the elite (educated at Georgetown University, Oxford University, and Yale), has tried by every possible means to obliterate his elitist background. When First Lady Hillary Rodham Clinton projected a liberal elite image, the American people gave her the cold shoulder..... A myriad of facts illustrate that the American people are tired of elitist politics because the elite has become divorced from social reality. The mainstream media in the United States have relentlessly and crazily attacked China on the basis of U.S. values. However, it is difficult to arouse an echo among the broad masses of the American people. Their understanding of "human rights" is the dire situation of vagrants, the hardship of poor black families, the misery of the old, the weak, and the helpless, the fear of a lack of medical insurance... Politicians' calls for "political human rights" are only a means to deal blows against China, which has absolutely nothing to do with what the American populace thinks about in reality.

Politicians and the media have monopolized foreign policy. However, foreign policy cannot violate social interests in the long term. Despite the fact that some people in Washington deal with China with Cold War sentiments, there is no environment for a Cold War, nor do the American people have a Cold War mentality. Therefore, the anti-China viewpoint has become increasingly unconvincing.

Guangdong Delegation Leaves for Canada, U.S.

OW1909113295 Guangzhou YANGCHENG WANBAO
in Chinese 7 Sep 95 p 1

[By reporter Fu Xin (5394 0207): "Zhu Senlin-Led Delegation Leaves for the United States, Canada"]

[FBIS Translated Text] A Guangdong provincial government delegation led by Governor Zhu Senlin left Guangzhou today for a goodwill visit to Canada's British Columbia Province and the U.S. State of Hawaii at the invitation of British Columbia's Governor Ha-ge-te [name as transliterated] and Hawaii Governor Ben Cayetano, respectively.

During his visit to Vancouver, Zhu Senlin will sign an agreement with the British Columbian governor on establishing friendly relations between the two provinces. He will then leave for Hawaii to take part in the celebration of the 10th anniversary of the establishment of friendly ties between Guangdong Province and the State of Hawaii.

Central Eurasia

'Important Progress' in CIS Border Talks Noted

OW1809124495 Beijing XINHUA Domestic Service
in Chinese 0945 GMT 18 Sep 95

[FBIS Translated Text] Moscow, 18 Sep (XINHUA) — China and Russia and three other countries held the 17th round of border disarmament negotiations in Moscow from 1 to 18 September, during which they made important progress [zhong yao jin zhan 6850 6008 6651 1455].

During the period, a delegation of Chinese foreign and military affairs experts, and a joint delegation of experts in the same fields from the Russian Federation, Kazakhstan, Kyrgyzstan, and Tajikistan held negotiations on the reduction of military forces in border areas between China and the four countries, and on enhancing trust in the military field. The negotiations were held in a friendly and realistic [you hao qiu shi 0645 1170 3061 1395] atmosphere. The delegations of the two sides reached consensus [da cheng le yi zhi 6671 2052 0055 0001 5268] on an agreement to enhance trust in the military field in border areas. The two sides agreed to continue negotiations on the reduction of military forces in border areas.

During the negotiations, Panov, deputy foreign minister of the Russian Federation, met with the Chinese delegation led by Ambassador Wang Ganghua [3769 6921 5478].

Azerbaijani President Meets New Ambassador

OW1509134495 Beijing XINHUA Domestic Service
in Chinese 1444 GMT 10 Sep 95

[FBIS Translated Text] Moscow, 10 Sep (XINHUA) — In receiving Lei Yincheng [7191 5593 2052], incoming Chinese ambassador to Azerbaijan on 8 September, Heydar Aliyev, president of Azerbaijani Republic, said: China is playing an important role in international political life and Azerbaijan attaches great importance to the development of friendly relations with China.

President Aliyev said: "Friendly relations have been in existence between the People's Republic of China and Azerbaijani Republic. During my visit to China, the two countries signed a number of important documents; I hope they will become a good foundation for promoting sustained development of bilateral relations."

President Aliyev received credentials from Ambassador Lei Yincheng and had a cordial and friendly talk on issues, such as bilateral relations, with him.

Our Ambassador arrived in Baku on 8 August.

Northeast Asia**Li Peng Links Japanese Aid With Repayment for Invasion***OW1909082495 Tokyo KYODO in English
0803 GMT 19 Sep 95*

[By Robert J. Saiget]

[FBIS Transcribed Text] Beijing, Sept. 19 KYODO — Chinese Premier Li Peng indicated Tuesday [19 September] that Japanese development aid was a form of repayment for the atrocities China suffered during Japan's invasion and criticized Tokyo's freeze of 1995 aid in retaliation for Beijing's recent nuclear testing.

"During the 1930s and 1940s, China suffered enormously from the invasion by Japan. The sum of aid given by the Japanese Government cannot compare with the amount of damage that China suffered," Li was quoted as saying by the spokesman of a visiting Japanese business delegation.

The statement is believed to be the first time a Chinese premier has openly linked Japan's aid with the atrocities inflicted on the Chinese people more than 50 years ago.

Li, who was meeting with a delegation of some 100 Japanese businessmen from the Japan-China Association on Economy and Trade, said China was grateful for the Japanese yen credits which have played a helpful role in China's development, the spokesman said.

However, Li pointed out that the loans are mutually beneficial as Japan also exports many commodities to China, he said.

The delegation, headed by Ryoichi Kawai, chairman of Komatsu, and Shoichiro Toyoda, chairman of Toyota Motor Corp. and head of the Federation of Economic Organizations (Keidanren), was also told that due to the recent strengthening of the yen, China is now facing a repayment of yen loans of up to three times the amount it borrowed in terms of the Chinese yuan.

Between 1972, when diplomatic relations were established, and last year, Japan offered some 90 billion yen in financial aid and over 63 billion yen in technical assistance to China, while extending over 1.68 trillion yen in low-interest loans.

Li said Japan's freeze of Chinese aid in 1995, in retaliation for the two nuclear tests conducted by China this year, was "excessive" and called the use of economic methods to pressure China "unfriendly," the spokesman said.

The Japan International Cooperation Agency, Japan's aid agency, extended 7.8 billion yen in developmental aid to China in 1994, but froze this year's aid at 500

million yen following Beijing's second nuclear test this year in August.

Despite the complaints, the Chinese premier said Sino-Japanese relations were "good in general," as Japan remained China's biggest trading partner, while China has become Japan's second largest trading partner.

Other obstacles to better relations included "some people in Japan" who refuse to admit that Japanese deeds during the last war constituted a "war of aggression," Li said, in a reference to Japanese politicians who have opposed direct apologies to Asian countries for Japan's war behavior.

"This is an obstacle in Sino-Japanese relations," he was quoted as saying and added, "I hope this trickle of sentiment does not become the mainstream."

While pointing out that Japan remains under the protection of the U.S. nuclear umbrella, Li called on the Japanese people to understand that China's nuclear intentions are purely "defensive" and its nuclear arsenal is "small and not of good quality."

He said he understood the feelings of the Japanese people regarding nuclear weapons, but maintained China has tested only about 40 nuclear weapons compared with the more than 1,000 tests carried out by the United States.

China has already renounced the first-use option of nuclear weapons and pledged to never attack a nonnuclear country, he said.

The delegation, on a four-day visit to Beijing which began Sunday, is seeking a better understanding of Chinese economic development in hopes of greater economic cooperation with its giant neighbor.

Li said China hopes to maintain between 8 and 9 percent economic growth until the end of the century and that economic efforts would be focused on two areas — the continuing transformation from a planned to a market economy and a switch from an emphasis on quantity to quality.

Such a move will center on more importance being directed towards science and technology and education, Li said.

He also said China faces three big problems in the areas of agricultural development, the reform of state-run enterprises and corruption.

He said China will reach its 1980 goal of quadrupling its economy this year, as the 1995 economic growth rate would come in at around 10 percent and grain production is expected to reach some 450 million tons.

Li Peng Explains Stand on Nuclear Testing

OW1909114995 Beijing XINHUA in English
1138 GMT 19 Sep 95

[FBIS Transcribed Text] Beijing, September 19 (XINHUA) — Chinese Premier Li Peng said here today that Japan's undue response to China's restrained nuclear tests is neither desirable, nor friendly.

China implements a non-nuclear-proliferation policy and its development of a limited number of nuclear weapons is for self-defense, he added.

Li made the remarks this morning during a meeting with a Japanese economic delegation to China at the Diaoyutai State Guesthouse.

From the time it began to possess its own nuclear weapons, China has become the first country that announced to the world that it would not be the first to use nuclear weapons or threaten to use nuclear weapons against non-nuclear weapon countries or any nuclear-free zones.

China is positively involved in the negotiations on a comprehensive nuclear test ban treaty, he said, and if the treaty can be reached in 1996, his country will immediately halt its nuclear tests.

Noting that Japan is the world's only victim of atomic bombs, he said the Chinese people fully understand the Japanese people's feelings towards nuclear weapons, yet the Japanese side should also understand the situation confronting China.

Japan, shielded under powerful nuclear protection by the United States, should not respond excessively to China's nuclear test, and exerting pressure on China through economic means is all the more undesirable and unfriendly, he said.

Enhanced economic cooperation between China and Japan is fully equal and mutually beneficiary, Li said, adding that Japan has provided assistance to China's construction, for which, China extend its thanks, yet, such assistance has in turn helped to advance the economic growth in Japan and eventually benefit Japan itself.

The aggression by Japanese militarists once caused enormous losses for China, Li said, and this is what Japan's assistance to China cannot be compared to.

The Japanese delegation, led by Ryoichi Kawai, chairman of the Japan-China Association for Economy and Trade, are here as guests of the China Council for the Promotion of International Trade.

Nuclear Test 'Excuse' for Japan To Suspend Grants

HK1809065495 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 17-23 Sep 95 p 1

[By Gao Bianhua: "Japanese Visit Targets Trade"]

[FBIS Transcribed Text] A senior foreign trade official criticized Japan for using China's nuclear test as an "excuse" to suspend grants to China and other financial co-operation.

The criticism came as the Japan-China Association on Economy and Trade is sending a delegation to Beijing on Sunday.

A Japanese news agency said that the grant suspension may be touched upon during the China visit.

The Japanese Government decided in late August to freeze its grants to China for 1995.

However, the economic delegation is just a "regular annual visit, nothing particular," noted the official, who asked for anonymity.

She said she doesn't think the grant issue will be discussed, as the association is a non-government organization.

However, she emphasized that both sides are beneficiaries of financial co-operation—it's not a case of "one country bestowing (funds) on another."

She said that the linking of financial co-operation with political issues has hurt the feelings of the Chinese people, as Japan concluded loan negotiations ahead of schedule in Beijing recently.

As for the Japanese visit, the official emphasized that the high level of Sino-Japanese trade is due to both government and nongovernment efforts.

In coming years, she said China and Japan should strengthen co-operation in production and technology—two essential trade components.

The official singled out the textile sector as an example.

"There's much for the two countries to do in co-operation in the textile industry, which is blossoming in China while in Japan it has become a sunset industry and will fade away sooner or later—it is all decided by the market."

She said industrial restructuring would be beneficial for both countries if a rational division in textile production can be made.

Some varieties of textiles could be manufactured in Japan and others processed in China.

The official called for friendly consultations in settling the textile dispute and other trade rows between the two nations.

Although achievements have been made in the two countries' trade and economic co-operation, the level is still far from satisfactory considering the potential, she said.

The two sides should stress quality rather than quantity in developing bilateral trade, and should adopt a long-term view of the future, the official noted.

"Both countries should pay more attention to long-term cooperation rather than instant benefit," said the official.

In the first half of this year, bilateral trade registered a 27.9 per cent increase to total \$24.5 billion. Both experts and trade officials have predicted the year's figure will surpass \$50 billion.

Japanese investment in China has also maintained robust momentum in the period partly because of the stronger yen, forcing up Japanese costs.

Japan is China's largest trading partner and China is Japan's second-largest after the United States.

Wu Xueqian Meets Japanese Visitors

*OW1809120095 Beijing XINHUA in English
1035 GMT 18 Sep 95*

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — Wu Xueqian, Vice-Chairman of the Chinese People's Political Consultative Conference (CPPCC) National Committee, met here today with Kaneo Norota, vice-chairman of Japan's Tomorrow's Akita Association, and his party.

This is the 7th delegation from the association to visit China.

During the meeting, Wu expressed his appreciation for the effort the association had made for strengthening the Sino-Japanese friendly ties.

The Japanese visitors are here at the invitation of the head office of the China International Travel Service.

NPC Vice Chairman Meets Japanese Youth Delegation

*OW1509090695 Beijing XINHUA in English
0756 GMT 15 Sep 95*

[FBIS Transcribed Text] Beijing, September 14 (XINHUA) — Buhe, vice-chairman of the Chinese National People's Congress (NPC) Standing Committee, met with a goodwill youth delegation from Japan's Management and Coordination Agency here today.

The delegation is here as guests of the All-China Youth Federation.

Japanese Business Mission Arrives in Beijing

*OW1709120195 Tokyo KYODO in English
0955 GMT 17 Sep 95*

[FBIS Transcribed Text] Beijing, Sept. 17 KYODO — A delegation of the Japanese business community arrived in Beijing on Sunday [17 September] evening for talks with Chinese Government leaders on ways to spur economic cooperation and Japanese investment in China.

The 108-member delegation, led by Ryoichi Kawai, chairman of major construction machinery maker Komatsu Ltd., is the largest ever organized and dispatched by the Japan-China Association on Economy and Trade, Japanese businessmen said.

Shoichiro Toyoda, chairman of the powerful Federation of Economic Organizations (Keidanren), serves as supreme adviser to the delegation.

The mission will hold a plenary session with the State Planning Commission on Monday morning.

The discussion is expected to center on the government's measures to arrest inflation and the ninth five-year economic program now being worked out by the government, delegation sources said.

The meeting will be followed by an informal exchange of views with officials of the People's Bank of China, the country's central bank, and leaders of Chinese enterprises in the afternoon.

In parallel with those talks, the Japan-China Long-Term Trade Consultative Committee and its Chinese counterpart are scheduled to sign an agreement to extend a private-level Sino-Japanese long-term trade arrangement due to expire at the end of the year, the sources said.

On Tuesday, the Japanese delegation is to confer with officials of the State Economic and Trade Commission and the Ministry of Foreign Trade and Economic Cooperation.

Japanese Claim of Wartime 'Modernization' Refuted

*OW1809152595 Beijing XINHUA in English
1411 GMT 18 Sep 95*

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — A research fellow in Jilin Province in northeast China today refuted the idea put forth by some

right-wing persons in Japan that Japan's invasion of Northeast China was to modernize the region.

Japanese troops exercised tight economic controls over northeast China after occupying it in 1931, said Liu Xinjun, a research fellow at the History Institute of the Jilin Provincial Academy of Social Sciences.

Japan not only took control of natural resources in northeast China but also separated the region's economy from other parts of China to put it in line with economic development in Japan, he explained.

Referring to Japan's contribution to the region's construction as stated by some right-wing members in Japan, Liu said that Japan plundered an immense amount of manpower, materials, and funds from northeast China and turned the region into a "war resource base", with the result that natural resources were seriously destroyed and industry there had lopsided development.

Liu emphasized Japan's economic plunder of northeast China as in no way "promoting modernization" but being a "disaster" which claimed many residents' lives.

Statistics show that Japanese troops killed nine million people during their 14-year rule there.

Jilin, DPRK Reopen 'Border Thoroughfare'
SK1609091595 *Changchun JILIN RIBAO in Chinese*
26 Aug 95 p 1

[FBIS Translated Text] The Jilin Provincial government delegation with Sun Yaoting, deputy secretary general of the Jilin provincial government, as its head, and Liang Jichang, director of the provincial foreign affairs office, as its deputy head, was invited to visit the DPRK's Najin and Sonbong cities from 22 to 24 August. The two sides held talks on reopening the government-designated border thoroughfare between China's Quanhe [as published] and the DPRK's Wonjong, and signed an agreement.

Quanhe is in Jingxin Town on the lower reaches of the Hunchun section of Tumen Jiang and faces the DPRK's Najin-Sonbong free economic and trade zone across Tumen Jiang. The two sides agreed that the thoroughfare will open to traffic on 4 September of this year. This has created convenient conditions for developing the friendly contacts and economic and trade cooperation between both sides.

Southeast Asia

China Gives Aid to Lao Flood Victims
OW1309171095 *Beijing XINHUA in English*
1607 GMT 13 Sep 95

[FBIS Transcribed Text] Hanoi, September 13 (XINHUA) — China has donated 120,000 U.S. dollars to Laos for flood relief, reports reaching here said.

An agreement was signed in Vientiane Tuesday [12 September] by the Laotian Minister of Labor and Social Welfare, Thongloun Siloulit, and Chinese Ambassador to Laos Li Jiazhong, the Pathet Lao news agency said.

The money will be used to buy rice for flood victims.

Lao Gan Meets Singapore Official
OW1909085695 *Beijing XINHUA in English*
0752 GMT 19 Sep 95

[FBIS Transcribed Text] Beijing, September 19 (XINHUA) — Luo Gan, Chinese State Councillor and General-secretary of the State Council, met with Peter Chan Jer Hing, permanent secretary of the Singaporean Ministry of Home Affairs, and his party here today.

Since China and Singapore established diplomatic ties five years ago, the friendly cooperation between the two countries in economy and trade, science and technology, administration, culture and other areas have made steady progress, Luo said.

The frequent high-level visits have played an important role in increasing mutual understanding, friendship and cooperation, Luo noted.

Singapore enjoys high efficiency in economic, administrative and social management, Luo said, adding that the visit here by Chan Jer Hing and his party would help to boost the mutual understanding between the two countries' administrative departments, and further promote the existing Sino-Singaporean friendship and cooperation.

Chan Jer Hing said that the visit is designed to enhance knowledge [as received] of China. The bilateral economic and trade cooperation has been a major way in boosting the friendship and cooperation between the two countries, he added.

Official Lists Adjustments in Aid to South Pacific
OW1709125695 *Beijing XINHUA in English*
1150 GMT 17 Sep 95

[FBIS Transcribed Text] Canberra, September 17 (XINHUA) — The Chinese Government will continue to provide, within its capacity, assistance to the South Pacific island states, a senior Chinese official said today.

Yang Jiechi, Chinese Government representative and Assistant Foreign Minister, told the Plenum of the Post-Forum of the 26th South Pacific Forum that China's aid "is mainly aimed at promoting local economic development and improving the recipient countries' ability of self-reliance."

The meeting was held in Port Moresby, capital of Papua New Guinea.

Without changing its fundamental guidelines on external economic aid, he said, China "has made certain adjustments to the modality of assistance so as to better cater to the recipient countries' needs in their development endeavor."

Yang outlined the thrust of the adjustments that include:

- In the future, priority will be given to medium and small productive projects that meet the needs of the recipient countries;

- The construction and operation of the projects will be undertaken by enterprises of the two sides in the form of joint venture or cooperative venture;

- Such projects will be funded with concessional bank loans in the nature of government assistance; and

- Aid gratis will be offered to a small number of the neediest countries. Generally speaking, interest-free loans will not be granted in the future.

He said that these adjustments will bring about the following benefits: to increase the sources of funds, expand the scale of projects, make enterprises the subject of co-operation, link the interests of the enterprises with the performance of the projects.

These will "consolidate the results of the projects and increase revenues and jobs in the recipient countries," he added.

Sub-Saharan Africa

Qian Qichen Meets Congolese Minister

OW1409134195 Beijing XINHUA in English
1240 GMT 14 Sep 95

[FBIS Transcribed Text] Beijing, September 14 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen met here today with Mary Therese Avemeka, head of the Congolese delegation to the UN 4th World Conference On Women.

Qian described the efforts China had made for the holding of the conference, saying that it enjoyed the support of all the world's governments, including that of Congo. He then spoke highly of the political and economic cooperation between the two countries.

Avemeka, also Congolese Minister of Integration and Women Development, expressed her thanks for the excellent preparations China had made for the conference on women.

She said that 52 percent of the Congolese are women, who would like to further their exchanges and cooperation with their Chinese counterparts.

She said that the conference is a turning point in the status of women in countries around the world.

The Chinese vice-premier also gave a briefing on the achievements Chinese women have made in equality, development, and peace, as well as the efforts the Chinese government has made in increasing Chinese women's role, employment, and overall development.

NPC Vice Chairman Meets Eritrean Minister

OW1509090495 Beijing XINHUA in English
0547 GMT 15 Sep 95

[FBIS Transcribed Text] Beijing, September 15 (XINHUA) — Buhe, vice-chairman of the Chinese National People's Congress (NPC) Standing Committee, met with B. Beraki, Minister of Information and Culture of Eritrea, and hosted a banquet in his honor here today.

Beraki and his party are in China on a visit as guests of the Chinese Ministry of Culture.

Zhu Rongji Meets Former Tanzanian President

OW1509124795 Beijing XINHUA in English
1230 GMT 15 Sep 95

[FBIS Transcribed Text] Beijing, September 15 (XINHUA) — Chinese Vice-Premier Zhu Rongji met and had a cordial talk with Julius Kambarage Nyerere, former president of Tanzania and chairman of the South Center, here this evening.

Zhu recalled his recent meeting with Nyerere during his trip to Tanzania, saying that Nyerere is an old friend of the Chinese people.

Nyerere said that no matter what capacity he is in when he visits China, he always works for strengthening the friendship and collaboration between Tanzania and China, and among the South countries.

Invited by the Chinese Foreign Ministry, Nyerere came here on September 2 to attend the Fourth World Conference on Women and to pay a goodwill visit to China.

West Europe

Jiang Zemin Holds Talks With Austrian President
OW1809072095 Beijing XINHUA in English
0710 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — Chinese President Jiang Zemin has started talks with his Austrian counterpart Thomas Klestil at the Great Hall of the People here this morning.

Prior to the talks, Jiang presided over a welcome ceremony in honor of the Austrian president, who arrived here early this morning on a state visit to China from September 18 to 22 at Jiang's invitation.

Further on Meeting

OW1809091895 Beijing XINHUA in English
0848 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — Chinese President Jiang Zemin and his Austrian counterpart Thomas Klestil agreed here today to maintain and develop long-term, stable cooperation between their countries.

During their talks at the Great Hall of the People here this morning, Jiang said that despite the geographical distance between the two countries and their national, historical, and cultural differences, as well as the difference in their concepts of value, China and Austria have no fundamental conflict of interests or major difficulties in bilateral relations.

The two countries in fact have a broad range of common interests in safeguarding world peace and promoting mutual economic development, Jiang said, noting that, generally speaking, relations between China and Austria have gone smoothly and political exchanges have increased, especially the frequent high level exchanges.

Jiang said that trade and economic ties between China and Austria have developed rapidly with cooperation constantly expanding, as are exchanges in science, technology, and culture and China welcomes cooperation in various ways with Austrian partners in those areas.

Expressing his satisfaction with the development of bilateral relations, Jiang said that next year will be the 25th anniversary of the establishment of diplomatic ties between China and Austria, and he welcomes more Austrian statesmen to China to get greater knowledge of the country.

Austria's industry is well developed with advanced technology in various fields, Jiang said, and China welcomes Austrian businessmen to invest in China and participate in the country's modernization drive.

China hopes that Austrian industrialists and business people will enhance their competitive ability in prices and finances, the Chinese President said, adding that cooperation in personnel training between the two countries should also be strengthened.

Jiang stressed that so long as the two countries stick to the principle of mutual respect, seeking common ground while reserving differences, non-interference in each other's internal affairs, equality and mutual benefits, Sino-Austrian ties will develop in the long run in a stable way.

During the talks, Klestil said that his large delegation, which included many business people, shows the importance he attaches to his China trip.

The business people in his delegation would like very much to explore ways of expanding economic cooperation between the two countries, Klestil said, and that he believes his visit to China will improve bilateral relations in a powerful way.

An economically-vibrant China is playing a more important role in international affairs, Klestil said, and China has become a major factor in safeguarding regional and world peace and stability.

During the talks, ministers in Klestil's entourage also voiced their desire to increase bilateral cooperation in the fields of power, transportation, science and technology, and environmental protection.

The marked growth of China's economy in recent years has created new opportunities for cooperation between the two countries, and prospects for such cooperation are broad, the ministers noted.

Klestil invited the Chinese president to visit Austria whenever it is convenient for him, for which Jiang expressed his thanks.

Prior to the talks, Jiang presided over a welcoming ceremony in honor of the Austrian president, who arrived here early this morning. His visit will last from September 18 to 22.

Human Rights Discussed

AU1809121595 Vienna Oesterreich Eins Radio
Network in German 1000 GMT 18 Sep 95

[Report by Helmut Opletal in Beijing, including statements by Austrian President Thomas Klestil — recorded]

[FBIS Translated Text] [Opletal] President Klestil's meeting with Chinese President Jiang Zemin, who is also chairman of China's Communist Party, went on much longer than scheduled. The discussion with their

closest advisers took 45 instead of the usual 15 minutes. Afterward, Klestil briefed correspondents on the issues he had addressed during the meeting.

[Klestil] I addressed all the issues on which we hold different views. Questions of human rights, of minorities, whereby we discussed Tibet openly. We also discussed nuclear tests. I explained the Austrian people's position on nuclear energy. I said that we protested against the French tests and that we also have to condemn the Chinese tests. But I added that we realize that China has emphasized its will to join the Nuclear Test Ban Treaty in 1996, urging Jiang to renounce nuclear tests earlier.

We also discussed Tibet, with justifications and counter-arguments, stating what Tibetans have told us. I mentioned the Dalai Lama's visit to Graz and told Jiang Zemin that the mayor of Graz has adopted three imprisoned monks and that our ambassador will submit the three names, asking for the three monks to be released. As far as human rights are concerned, I referred to the Human Rights Conference in Vienna, which concluded that human rights are universal, and said that, therefore, stating one's own point of view on this matter cannot be understood as interfering into internal affairs. I referred to political prisoners, welcoming the fact that some of them have already been released and expressing hope that this policy will continue.

[Opletal] Klestil said that the Chinese host was apparently prepared for such critical statements and that the answers were what he had expected. Jiang pointed out that China is the smallest among the nuclear powers and does not want to use its nuclear weapons to attack. Freedom of religion in Tibet is safeguarded, and China does not want an excessive proportion of Chinese immigrants in Tibet. But Tibet has always been an inseparable part of the Chinese empire, Jiang Zemin said. Apart from these issues, international topics were discussed. Klestil called China one of the potential world powers in the 21st century. That is why relations with China are of great importance, Klestil said.

Qian Qichen Meets With Austrian President 18 Sep
OW1809132695 Beijing XINHUA in English
1235 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen told visiting Austrian President Thomas Klestil here today that China hopes Austria would play an active role in promoting relations between the European Union (EU) and China.

During the meeting at the Diaoyutai State Guesthouse this afternoon, Qian said that EU's relations with Asia-Pacific countries including China are developing fast.

Qian said that China appreciates Austria's role in international affairs and the United Nations.

Klestil said that developing relations with Asian countries has become a priority in Austria's foreign relations and the current China visit of his delegation, which include over 100 members from various circles, will become a new starting point in bilateral relations.

Austria is willing to participate in China's modernization drive, the president said, adding that his country has seen a promising prospect in its economic cooperation with China from China's rapid economic growth.

Defense Minister Visits Finland

OW1609023595 Beijing XINHUA in English
0154 GMT 16 Sep 95

[FBIS Transcribed Text] Helsinki, September 15 (XINHUA) — China plays an important role in maintaining peace and stability in Asia and the whole world, Finnish Defense Minister Anneli Taina told his Chinese counterpart today.

At the meeting with Chinese Defense Minister Chi Haotian, Taina said that Finnish-Chinese cooperation is beneficial both for the interests of the two countries and for the world peace and stability.

Chi, who arrived here today after visits to France, Spain and Portugal, said that China and Finland have enjoyed a good relationship in political, economic, scientific and military fields.

Also today, Finnish President Martti Ahtisaari met with Chi at the presidential palace.

Chi Haotian Ends Visit to Portugal

OW1509084095 Beijing XINHUA in English
0648 GMT 15 Sep 95

[FBIS Transcribed Text] Lisbon, September 14 (XINHUA) — Chinese Defense Minister Chi Haotian left here for home this evening at the end of his four-day official visit to Portugal, bringing the Sino-Portuguese friendly military exchanges into a new stage.

Portuguese Secretary of State for Defense Almeida Morgado saw General Chi off at the airport.

During their talks, they agreed that friendly military exchanges between the two sides had entered a new phase.

At the third stop of his Europe tour, Chi held separate talks with Portuguese President Mario Soares, Prime

Minister Cavaco Silva and Foreign Minister Durao Barroso. Both sides spoke highly of the friendly cooperative relations between them, and indicated their desire to further upgrade their military friendly relations.

Chi also had an official meeting with his Portuguese counterpart, Figueiredo Lopes. They exchanged views on the international situation and bilateral relations of common interest, especially on how to promote military contacts and cooperation between the two countries.

During his stay, Chi also met with military leaders from the Portuguese army, navy and air force in Lisbon or elsewhere, and visited their military facilities and training bases.

The visit paid by the Chinese defense minister to Portugal was the first in the past decade. Before starting the visit, General Chi had toured France and Spain.

Latin America

Wen Jiabao Meets With Brazilian Governor

OW1609095295 Beijing XINHUA in English
0922 GMT 16 Sep 95

[FBIS Transcribed Text] Beijing, September 16 (XINHUA) — Wen Jiabao, alternate member of the Political Bureau of the Communist Party (CPC) of China Central Committee and member of the Secretariat of the CPC Central Committee, met with Eduardo B. Azeredo, governor of the Brazilian state of Minas Gerais, here today.

Eduardo and his 60-member strong party arrived in China on September 14 as guests of the Jiangsu Provincial Government.

The visit is aimed at enhancing mutual understanding, exploring possibilities of long-term cooperation with China in sectors of economic relations and trade as well as industry and agriculture.

It will also serve to promote the forging of sisterly ties between Jiangsu Province and Minas Gerais State, sources here said.

Receives Brazilian Delegation

OW1909120195 Beijing XINHUA in English
1126 GMT 19 Sep 95

[FBIS Transcribed Text] Beijing, September 19 (XINHUA) — Wen Jiabao, alternate member of the Political

Bureau and member of the Secretariat of the Chinese Communist Party (CCP) Central Committee, met here this afternoon with a delegation of the Democratic Labor Party of Brazil.

The eight-member delegation, headed by the Party's vice-president Neiva Moreira, arrived here Sunday at the invitation of the International Liaison Department of the CCP Central Committee.

Beijing To Provide Technical Training to Cuba

OW1509141295 Beijing XINHUA Domestic Service
in Chinese 0352 GMT 14 Sep 95

[By reporter Hou Yaoqi (0168 5069 0366)]

[FBIS Translated Text] Havana, 13 Sep (XINHUA) — China and Cuba exchanged notes on training Cuban technical personnel on 13 September here. After the exchange of notes, the two countries will start concrete implementation of the project concerning technical training of Cuban personnel in China.

Chinese Ambassador to Cuba Xu Yicong and Noeimi Benitus [name as transliterated], Cuban vice minister of foreign investment and economic cooperation, respectively signed the notes on behalf of their governments.

The project concerning the training of Cuban technical personnel with China's help is included in the "Protocol of Economic Cooperation Between the Government of the People's Republic of China and the Government of the Republic of Cuba" concluded by the two countries in Havana last May. According to this project, China agreed to provide technical training to 16 persons sent by Cuba this year and help them purchase machinery and equipment.

It is learned that the personnel dispatched by Cuba to China for technical training are mainly duck-breeding experts and methane experts, whereas the equipment to be purchased in China are mainly machinery and equipment for duck breeding, equipment for small hydroelectric power plants, and solar equipment.

Political & Social**Li Peng Says Deng Xiaoping 'Doing Well'***BK1809115195 Hong Kong AFP in English
1144 GMT 18 Sep 95*

[FBIS Transcribed Text] Beijing, Sept 18 (AFP) — Chinese patriarch Deng Xiaoping "is doing well", Premier Li Peng said Monday, disclosing that he had met the 91-year-old leader "very recently."

"President Jiang Zemin and I visited comrade Deng very recently and I can tell you he is doing well," Li said in an interview with AFP Chairman Lionel Fleury.

Deng has not been seen in public since February 1994. His appearance on Chinese television as a frail old man with a distant look led to persistent rumours regarding his state of health.

"Since the 14th congress of the Communist Party of China (in 1992), comrade Deng has ceased to take part in the country's political life," Li said.

"It was during that congress that we set up a collective leadership with Jiang Zemin at its head and it is he who deals with China's internal and external affairs in a completely independent manner," Li said.

"Whether (Deng) is involved or not in China's political decisions, it is his existence that is very important for us," Li said.

"It is 16 years since China embarked on its policy of reform and opening to the outside world initiated by Deng Xiaoping. It is this policy which directs our work today," he said.

Condition 'Great Inspiration'*OW1809160595 Beijing XINHUA in English
1552 GMT 18 Sep 95*

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — "I can personally say that Deng Xiaoping is doing well as a 91-year-old senior," Premier Li Peng said today, disclosing that "President Jiang Zemin and I visited comrade Deng Xiaoping very recently".

"His being healthy is the common wish of the Chinese people and represents a great inspiration to us," the premier said during a meeting with AFP Chairman Lionel Fleury here.

China now enjoys political stability with a good economy which continues to develop and becomes better. Since 1992, he said, the leadership of the new generation with Jiang Zemin at its head has dealt with China's internal and external affairs very well in a completely independent manner.

Deng Reportedly 'Has Not Been Doing Well'*HK1909074095 Hong Kong LIEN HO PAO
in Chinese 19 Sep 95 p 8*

[Article from the "Mainland Observation" column by "veteran journalist" Wang Ching (3769 7231): "How Is Deng Xiaoping"]

[FBIS Translated Excerpt] According to news from Beijing, Deng Xiaoping seemingly has not been doing well again in the past few days [zui jin ji tian de shen ti hao xiang you bu xing le 2584 6602 0415 1131 4104 6500 7555 1170 0288 0642 0008 5887 0055]. I hope this is a piece of misinformation. Otherwise, many things will have to be done in the near future. Many people are still doubtful whether the takeover body fixed at the Fourth Plenary Session of the 14th CPC Central Committee will effect a smooth hand-over because, if for no other reason, they still do not feel at ease with Jiang Zemin as the core.

Some time ago, Deng's son-in-law Wu Jianchang indicated in South Korea that Deng was in much better shape than before. Li Peng also said that he and Jiang Zemin had recently called on Deng. The fact that it is rumored again that Deng is again indisposed [wei ho 6672 0735] can only mean that the nonagenarian is likely to see Marx [die] at any time. However, each day that Deng lives is one more day by which the Jiang core will benefit. [passage omitted]

Jiang Inscribes for Ji Hongchang Anniversary*OW1809153095 Beijing XINHUA in English
1452 GMT 18 Sep 95*

[FBIS Transcribed Text] Zhengzhou, September 18 (XINHUA) — A large gathering was held today in the capital city of central China's Henan Province to mark the 100th birthday of Ji Hongchang, a general during the War of Resistance against Japan (1937-1945).

After the gathering, Wang Guangying, vice-chairman of the National People's Congress (NPC) Standing Committee, inaugurated a memorial hall for this well-respected general and laid a wreath at a bronze statue of Ji.

Jiang Zemin, general secretary of the Central Committee of the Communist Party of China (CPC) and chairman of the Central Military Commission, wrote an inscription for the memorial hall, as did Li Peng, Qiao Shi, Li Ruihuan, and Liu Huaqing.

Ji was born on October 18, 1895, into a farmer's family in Fugou County, Henan Province, and joined the army at the age of 18 and later became chairman of the provincial government of Ningxia.

Ji joined the Communist Party in August 1932 and was killed by Kuomintang reactionaries on November 24, 1934 because of his persistence in the fight against the Japanese aggressors.

The gathering was called today by the people's government and the Henan provincial Communist Party committee, with provincial government, Party, and military officials present.

Li Ruihuan Urges Greater Attention to Housing

OW1809152495 Beijing XINHUA in English
1441 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — Chinese leader Li Ruihuan today urged local authorities to pay greater attention to solving the housing problems faced by many people.

Li, who is a member of the Standing Committee of the Politburo of the Central Committee of the Communist Party of China (CPC) and chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), made the remarks during a visit to a housing achievement exhibition here today.

Li displayed great enthusiasm for the achievements made by the country in urban housing construction, and expressed satisfaction with the fact that various local authorities have put housing construction at the top of their agenda.

Li said that China is a populous country with a serious housing problem that will remain for a long time, and called on local authorities to act in accord with market laws and try their best to ease housing shortages using every means possible.

He said that incomes of the Chinese people in general are not high and that they cannot afford houses by themselves. It is necessary for various local governments to offer help and support.

Over 18,000 Corruption Cases Heard Jan-Jun

OW1909104395 Beijing ZHONGGUO XINWEN SHE
in English 1300 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (CNS) — During the first half of this year, China intensified its fight against corruption and solved 18,700 cases. Sentences were handed out to 136 middle to high ranking cadres. Economic losses in excess of 1.88 billion yuan were recovered.

An anatomy of the cases solved revealed:

1. A rise in the number of serious cases.

Some 6,974 felons, or 43.19 per cent of the total number of offenders, were involved in garnering illegal profits of over 10,000 yuan or more — a year-on-year rise of 23.45 per cent; 1,096 of this group of felons had profited by over 100,000 yuan — 53.07 per cent upon the corresponding period last year.

2. A sharp increase in the number of government officials involved in economic crimes.

Some 5,933 government employees were found guilty — a year-on-year rise of 24.83 per cent; of whom 5,577 officials, or 94.07 per cent of all cadres guilty of misconduct, were sentenced for accepting bribes or being involved in corruption and or the misappropriation of public funds.

Meeting on Environmental Issues Opens in Beijing

OW1909111495 Beijing ZHONGGUO XINWEN SHE
in English 1300 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (CNS) — An international meeting on China's environmental protection and development was convened in Beijing today. It was attended by experts from the United Nations, Britain, Canada and the Netherlands as well as Chinese officials. They will discuss China's current environmental problems and look for a solution to them.

State Councillor and Director of the Environmental Protection Commission under the State Council Song Jian said during the next five-year plan period industry would play an important role in Chinese society and that while industrialization of rural area would speed up. [sentence as received] Mr. Song said China would pay more attention to coordination between environment and the economy as its economy develops at a rapid pace. China will follow its environmental and development policy. Economic development will be based on an adjustment of the structure, an upgrading of cost-effectiveness, protection of ecological environment and improvement of quality.

Director of the Environmental and Resources Protection Committee under the National People's Congress Qu Geping was convinced that in addition to smoke pollution caused by coal burning during the next five-year plan period, pollution incurred from tertiary industry, daily living and vehicle exhausts would be worsened. The development of the energy and manufacturing sectors in the central and western regions and the exploitation of energy by township enterprises will cause damage to ecology environment in those areas where such industries are situated. Should no effective measures be adopted, such pollution would spread to the eastern part of China.

Mr. Qu hoped that the international meeting would put forward proposals for the environmental protection. The China International Cooperation Committee for Environment and Development which is hosting the meeting, is a non official advisory body under the State Council. The committee aims at strengthening cooperation between China and foreign countries in environmental protection and development. Chinese representatives to the committee are departmental heads and experts in environmental protection and economic development. Foreign delegates are experts from 60th [as published] developed and developing countries as well as from international organizations. The committee meets every year and a report will be presented to the Chinese government.

Military & Public Security

Chengdu Military Region Views Current Situation

OW1909014895 Chengdu SICHUAN RIBAO
in Chinese 27 Aug 95 p 1

[By Zou Gang (6760 6921): "Delivering Situation Report to Organizations of Chengdu Military Region, Zhang Zhijian Stresses Need To Be Clearly Aware of Current Situation and To Loyal Exercise Army's Functions"]

[FBIS Translated Text] Speaking at a situation report meeting attended by organizations of the military region on the morning of 25 August, Lieutenant General Zhang Zhijian, political commissar of the Chengdu Military Region, stressed: It is necessary to be clearly aware of the current situation and loyally exercise the army's functions.

The report meeting was presided over by Lieutenant General Jiang Putang [listed as major general in the 1995 China Directory], deputy political commissar of the military region and director of the political department.

Attending the report meeting were standing committee members of the military region in Chengdu, including Liao Xilong, Zhu Chengyou, Chen Shijun, Chen Xianhua, and Wang Shilin, and leaders of the military region headquarters, political department, and logistics department.

This report meeting was held in line with the education in patriotism and dedication now being conducted among troops across the military region.

In his report, Zhang Zhijian generally analyzed international and domestic situations and issues, including construction of party work style, clean government, nationalities, religion, current situation and reform of state-owned enterprises, and commodity prices.

Focusing on the topic of "enhancing army morale with patriotism and loyally exercising the army's functions," Zhang Zhijian directed: It is necessary to strengthen army building comprehensively in light of the general requirements of Comrade Deng Xiaoping's thinking on army building in the new era and Chairman Jiang [Zemin]'s "five sentences," so as to provide a firm and powerful security guarantee for the party and state to solve international problems and attain excellence at home. As for the functions and current situation of organizations in the military region, he emphatically stated: It is necessary to conscientiously grasp Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, with the "Outline for Studying the Theory" as the key; to master the weapon of observing the situation in a scientific way; and to engage unremittingly in the "education in four aspects" [patriotism and dedication, revolutionary outlook on life, respect for cadres and care for soldiers, and hard work and plain living — proposed by Jiang Zemin]. First of all, we must conscientiously conduct education in patriotism and dedication, turning officers' and men's deep love of their country into a will to contribute in the army. It is necessary to adopt an overall point of view, correctly readjust interests in the course of reform, and support the state's economic construction with actual deeds. It is also necessary to conscientiously carry out various principles and policies on army building in the new era; always stand ready to complete all kinds of missions entrusted by the party and people; and earnestly work to maintain troops, frontiers, and social stability.

Zhang Zhijian concluded: All officers and men throughout the army must be conscious of politics, the overall situation, hardships, and responsibilities; always be prepared for international and domestic contingencies; and set high demands on army building, so that the party Central Committee and the Central Military Commission can set their minds at rest.

General

Planner Tells Group Growth To Stay at 8 Percent

OW1809095295 Tokyo KYODO in English
0834 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, Sept. 18 KYODO — A leading Chinese economic planner told a Japanese business delegation Monday [18 September] that the Chinese economy would maintain an 8 percent annual growth rate in the ninth five-year plan (1996-2000) and China would reach its 1980 goal of quadrupling its economy this year, but only in yuan terms.

Wang Chunzheng, vice minister of the State Planning Commission, revealed details of the plan, expected to be approved by a Communist Party plenum next month, to 100 members of the delegation from the Japan-China Association on Economy and Trade, an association spokesman said.

Wang said China's economic work during the period would center on the four main areas of agriculture, energy and transportation infrastructure, machinery and electronics industry, and technical reform of light industry, while annual growth rates for agriculture were set at 3 percent and industry at 10 percent.

China would target an annual import/export volume of 400 billion dollars by 2000, compared with 174 billion dollars in the period from January to August this year, he said.

China's economy has maintained double-digit growth for three years running, while macroeconomic controls implemented last year have aimed at cooling growth.

Wang said China had quadrupled its gross national product since 1980 in terms of the Chinese yuan. The target, however, was originally set in dollar terms, but not expected to be reached until 2000, the Japanese delegation spokesman said.

The Japanese delegation, on a four-day visit to Beijing that began Sunday, is led by Ryoichi Kawai, chairman of Komatsu Corp., with Shoichiro Toyoda, Toyota Motor Corp. chairman and the head of the Federation of Economic Organizations (Keidanren), as the leading adviser of the delegation.

The Japanese group are also scheduled to meet with other Chinese leaders, including Premier Li Peng, chairman of the National People's Congress Qiao Shi and Vice Premier Li Lanqing.

Economy Shows Steady Growth During 8 Months

OW1809135195 Beijing XINHUA in English
0717 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — The Chinese economy has shown steady growth for the past eight months, with industrial production increasing moderately and inflation falling gradually.

The State Statistics Bureau said in its monthly economic report today that the nation's industrial output totaled 1.14 trillion yuan in the January-August period, up 13.7 percent from a year ago.

Industrial growth was 11.8 percent in August alone, the lowest monthly figure so far this year, the bureau said, noting that 96.11 percent of industrial products were sold in the month, 1.53 percentage points higher than for the previous seven months.

Fixed-asset investments by the state sector reached 575.1 billion yuan during the eight-month period, 16.8 percent more than the corresponding period of last year.

Investment in the farming sector grew 33.4 percent while funds for real estate development increased by 32 percent.

Sales of consumers' goods were steady at 1.26 trillion yuan worth during the period, an increase of 11.1 percent when adjusted for inflation, and the consumer price index, which includes both goods and services, chalked up a 19.8 percent increase.

The nation recorded a trade surplus of 15.3 billion U.S. dollars during the period, with exports jumping 37.2 percent to 94.6 billion U.S. dollars and imports climbing 15.3 percent to 79.3 billion U.S. dollars.

The State Statistics Bureau also reported a continued drop in inflation. The retail price index rose 17.2 percent cumulatively in the January-August period, compared to 21.7 percent a year ago, approaching the official target of 15 percent for this year.

The bureau said in the report that the fourth quarter is the most important period in economic development for the year and a basically stable policy of macro-economic control should be pursued at present.

The state must strive to maintain an overall balance of supply and demand using minor structural readjustments to avoid any large fluctuations in the national economy.

Output of Textiles in August

HK1809021195 Beijing CEI Database in English
14 Sep 95

[FBIS Transcribed Text] Beijing (CEIS) — Following is a list of the output of textiles in August 1995, released by the State Statistical Bureau:

Item	Unit	8/95	8/94
Yarn	10,000t	40.83	40.07
Yarn	10,000pc	227.22	222.99
Cloth	100m.m	14.69	15.89
Of pure cotton	100m.m	7.91	8.60
Chemical fiber	100m.m	4.73	4.93
Silk	10,000t	0.69	0.38
Silk fabric	100m.m	2.70	3.03
Woolen fabric	10,000m	2809.49	2294.83
Knitting wool	10,000t	2.52	2.75
Garment	100m.pc	3.43	3.22

Note: t — ton, pc — piece, m.m — million meter, m.pc — million piece

***Finance Institute Analyzes Causes of Inflation**

95CE0523A Beijing CAIMAO JINGJI [FINANCE AND TRADE ECONOMICS] in Chinese 11 Jun 95
No 6, pp 35-40, 3

[Article by the Chinese Academy of Social Science Finance Institute, led by Su Yunqin (5685 0336 3830) and Lin Sen (2651 2773): "A Synthesis of Views on Inflation"]

[FBIS Translated Text] I. Present Characteristics of Inflation in China

In 1994, China had its highest inflation rate since the implementation of reform and opening. It was the year with the highest inflation rate since prices were stabilized in 1950. In the overall view, the outstanding contradiction in current economic life is still inflation; the price situation is very serious.

1. The existing inflation rate has significantly exceeded the normal scale; its main characteristics are: 1) a change from the suppressing type to the opening type; 2) developing from mild to unbearable; 3) far in excess of the economic growth rate; 4) cost of living is rising

to a great degree while the cost of production materials remains relatively stable.

2. China's inflation is characterized chiefly by: 1) the transition of potential inflation into price-rise inflation; 2) investment in fixed assets is growing excessively fast, greatly driving up the cost of production materials and forming a production cost-price rise consecutive transfer effect; 3) structural price rises are appearing; 4) the prices of some scarce resources have exceeded those in the international market.

3. This inflation began with upper-level products, then involved lower-level products instead of beginning with lower level production areas or circulation areas. This inflation was not accompanied by "rush purchasing" throughout society, but with "tough fighting" in the production area and production material circulation area and the consuming area's "silent suffering." The fastest rising inflation has not been in agricultural by-products but in the manufacturing cost of industrial products. Therefore, this inflation is obviously characterized by cost driving.

4. This round of inflation differs from those earlier in that: 1) the current inflation occurred in a situation where there had been successive years of stable agriculture with big growth and a sufficient supply of agricultural products. 2) This inflation not only acts on the products people consume daily and secondary industrial products, but it has also spread to tertiary industry, especially service businesses, the real estate industry and the financial industry; 3) The current inflation occurs in a situation where daily necessities and a large segment of the production materials are in ample supply, basically forming a purchasing market. 4) This inflation is closely connected with the chaotic financial order of the past and a serious problem with the currency supply running out of control; this phenomenon did not exist in the past.

5. This inflation mainly takes place in agricultural products and industrial products that use agricultural products as raw materials, such as grain, food, food oils, poultry, meat, vegetables, textile products and clothes. While other common industrial products have remained relatively stable in price, with stable buying and selling, some important durable consumer goods have also remained basically stable, and even dropped a bit in price. The production materials market is in a slump, and major production materials are falling in price. This explains that the current inflation is a rational market reaction.

6. The present inflation is still a result of investment interest driving up costs, because the easing of prices has permitted enterprises to pass on the effects of costs to

the consumers, and therefore the impact on the enterprise is less serious. Meanwhile, the growing numbers of urban unemployed, those waiting for jobs and the surplus rural labor force have meant a comprehensive rise in the prices of the necessities of life. These have the lowest consumption elasticity, so sharply rising prices here greatly reduces society's ability to bear inflation. So the biggest characteristic of this inflation is that it could seriously threaten the stability of society.

7. At present, inflation is obviously affected by price reform's "raising tail", which is also different from the past.

8. This round of inflation is driven chiefly by increased demand for investment; the demand for expanded consumption is insignificant. Therefore, there is a greater investment material price rise than there is for consumption price rises, plus much of the rising consumer prices are pushed up by rising costs, and not by consumption demand. Therefore, this inflation has considerable staying power.

II. Is Inflation Beneficial or Harmful?

Zhong Pengrong [6988 7720 2837] thinks that there are two principal types of inflation: One type of inflation is beneficial, the other is harmful. Inflation does have its positive aspects. Inflation truly does accumulate capital, so an appropriate amount of inflation is favorable to accelerating economic growth. This is chiefly manifested in two aspects: 1) Some inflation can imperceptibly transfer some consumer capital to accumulated capital. 2) Some inflation is favorable to commodity sales. But there must be a definite limit to inflation, meaning this limit keeps inflation from exceeding people's ability to bear it. For another thing, the capital collected through inflation must be used for construction instead of other purposes. So inflation can play a positive role.

Li Yining [0632 0110 1337] thinks that we need not worry too much about inflation. In recent years, of the countries which made the transition from the planned economy system to the market economy system, which of these countries could control their rate of inflation to about 20 percent? Over the long term, their inflation will not be calculated by several tens of percentage points, but several hundred and even several thousand percentage points. Compared with these, China's current inflation rate is so low, we must recognize it as a miracle. What inflation causes is simply currency depreciation, and it works the same for everyone. He notes that we should make employment the highest priority, while also stabilizing prices. The reason is that inflation makes the majority of people suffer, so in general there will be no one in violent opposition or making trouble about it. When there are unemployed

people, with no income, it could possibly become a social security issue, or spur political dissent. There are very few measures to help with unemployment and this constitutes a major threat to social stability.

Wu Jinglian [0702 2417 8834] and Li Yiping [2621 5030 1627] registered their disagreement with this "harmless inflation" theory. Li Yiping thinks that the Chinese people have traditionally been content with relative poverty while advocating morality. Given a choice between so-called unemployment and inflation, the masses of ordinary people will tilt to stability, making them more willing to accept so-called unemployment instead of inflation; plus, inflation involves the majority of the people, while unemployment involves a minority. Wu Jinglian thinks that the loss which inflation brings to the value of money is the same, but the impact on different social classes is different; the salaried class is hit particularly hard, and this class is the social class which plays a stabilizing role throughout the whole of society.

Zhang Zhuoyuan [1728 0587 0337] said that handling inflation is like using drugs or playing with fire. Inflation itself has a self-propelling function: Like smoking opium, once you are addicted to it, you smoke more and it becomes harder to quit, until finally it destroys the entire body. Once a nation (especially a developing nation) starts down the road of inflation, it will be difficult to get rid of, and the inflation will show a trend to accelerate once it reaches double digits. Its evident damage becomes increasingly great, destroying economic stability and coordinated development. We must pay a very high price in dealing with inflation.

Li Shourong [2621 1343 2837] thinks that inflation is highly destructive to economic development. Viewed as an economic phenomenon, inflation's stimulus to overall demand appears to ease the contradiction between production and consumption in the short term, stimulating the expansion of production operations. However, in the overall view, and looked at from nature, this is destructive to production. Second, inflation greatly affects social stability and unity, and has a fundamental impact on income. At the same time, inflation has a very serious negative effect on currency and finance. Inflation is very harmful.

Some people argue that with inflation now becoming increasingly more serious, although salaries are going up, the inflation rate discounts the degree of salary increase and economic growth. Some people suggest the criteria be what "people can bear"; but what does "can bear" mean? This is a very vague expression. Although some advocates of Keynesian theories conclude that inflation is favorable rather than harmful, in point of

fact, most people suffer from it, especially retirees living on fixed state pension funds.

III. The Causes of China's Present Inflation

When it comes to the causes of China's present inflation, it is widely believed it is caused by multiple factors, that is, a comprehensive inflation. However, people have very different views as to what is the leading cause of that inflation. The chief opinions are as follows:

1. The present inflation is chiefly a body attack, in which production price rises drive cost rises, which then leads to consumer price rises, a kind of cost-driven type of inflation. The merger of the exchange rates, the new tax system (the circulation tax system and income tax system that takes VAT as the dominant factor) and salary adjustments, etc., all pushed price rises from the cost side to some degree.

2. The current inflation is fundamentally due to excessive consumption demand and investment demand, which forces banks to increase currency issue and expand their lending scale; this belongs to pulling up type of inflation. Investment inflation, especially too much input in fixed assets, in other words the "investment hunger disease" is the main reason causing inflation.

3. The root of current inflation in China is neither excessive demand nor is it cost-driven; it is reform. This "reforming type" inflation has exclusively existed during China's period of changing the economic system. The main content of price reforms is easing rights, and the second is opening up prices. Therefore, in today's situation when reform is moving forward rapidly, all the stable and hidden types of inflation which had piled up for a long time under the planned economy got the opportunity to emerge, so prices rose one after the other. Especially in recent times, economic system reform has propelled the entire direction, while so many reform measures issued at the same time, such as price reform, as well as reforms of the taxation system, finances, exchange rates and salaries, etc., all also strengthened the rising price trend. "Reforming type" inflation has nothing to do with the investment scale; the investment scale at present is not too big but is too small.

4. Some people oppose the theory that links inflation with reform, the theory that reform inevitably leads to inflation. They reason that: Current inflationary pressures built up during the sluggish reform of the early 90s and the process of excessive growth. As long as the overall demand and the currency supply are not excessive, price reform will not raise overall price levels.

5. China's inflation is system type inflation. The existing system causing the inflation includes the investment

system, the enterprise system and the financial system.

1) Looking at the financial system, it is a "big wok" financial system, bank loans acting not as commercial sales or purchases but as gifts, or as grants. This is chiefly manifested in enterprise inability to repay bank loans, even with bank loans at a very low rate of interest, far lower than the rate of price rises. 2) Looking at the investment system, it is basically characterized by government officers being the investor, bank loans are the major capital source of investment, and the risk of investment is undertaken by the state. 3) The current enterprise system is also an important cause of inflation. The most prominent characteristic of state enterprise in that it only allows you to live, but not to die. Many enterprises have suffered losses for a long time, but they have continued to survive anyway. These enterprises put currency into the market and take our raw materials. However, their products fail to sell; so they can neither use the product to return the currency nor can they return currency by assets. So the currency they initially input remains in the market for a long time; they attack prices and become a source of the price rise disaster.

6. The main reasons for inflation caused by investment growth in China are an unreasonable investment structure and industrial structure. The share of investment in China's fixed asset investment actually used for technological renovation is quite small, and this is an important reason for inflation. China's economic structure has been unbalanced for a long time, with agriculture lagging behind industry, and infrastructural industry falling behind processing industry, while the processing industry's production structure fails to keep pace with changes in consumption patterns. Because agriculture has lagged so far behind, there has for a long time been a shortage in the supply of agricultural products, so that once the prices of agricultural products open up, rising prices are an inevitable result. In addition, the long-time lag in infrastructural industry has kept industrial raw materials in seriously short supply, and prices continue to rise. Especially in the transportation and shipping industries, the excessive shortage of transport capacity has seriously affected every locality's supply of materials and has led to great fluctuations in the cost of materials in these places. Therefore, the unbalanced economic structure has for a long time been an important factor affecting China's price stability.

7. Structural type inflation is both comprehensive inflation and a leading type of it. The structure in China's structural type inflation is departmental economic structure and no other structures, such as price gap structure, consumption structure and regional structure, etc. The relationship between the state-owned economy and the nonstate-owned economy constitutes the main part of

the structural type inflation in China's system change. So far, China's economy has become a mixed type of economy. The causes of inflation show up in these circumstances as a contradictory movement of the state-owned economy and the nonstate-owned economy. This specifically appears in two topics: the state-owned enterprise's "capital trap" and the competition of state-owned sectors with nonstate-owned enterprises. Also, during the period of system change, the process of marketization in the system change produces a structural contradiction with monetarization, which also have a considerable impact on structural inflation.

8. China's inflation is a typical internal-growth type inflation in nations which have a dual economic structure. Unclear property rights and vague beneficial entities create an enterprise internal or international lack of balance system and restructuring system; this leads investment out of control and expands individual controllable income, which causes a loss of currency control and causes internal growth type of inflation.

9. Inflation in China in recent years has been a comprehensive and complex phenomenon. It starts with a demand for expanded investment, and continues to develop into expanded consumer demand, which drives costs even higher; when total demand is partially restricted, inflation changes to the group benefit conflicting type and cost rising type under circumstances of an incomplete market and enterprise system regulation.

10. Current inflation in China is of an unusual, specialized nature-crossing or overlapping with the growth-type and system change-types of inflation.

11. Lack of control in government macromanagement is the most basic reason for the current inflation, expressed chiefly as: 1) Local governments have a strong desire to expand investment, while the central government's management of this is constantly weakened; 2) After adjusting the prices of basic products, it causes the prices of commodities in society to rise one after another, while the central government lacks managing methods; 3) The existence of a local "reinforcement" system forces the central bank to release basic currency, which causes the central government to lose control of currency management; 4) During China's urban development, the supply and demand relationship for agricultural products has changed, but the central government has lacked appropriate measures; 5) Grain and food oil prices opened at an inappropriate time, which caused a further loss of government control; 6) Reform of the foreign exchange management system caused a rapid increase in the use of renminbi [RMB] for foreign exchange purposes, which intensified the central bank's lack of control in currency management; 7) Declining

efficiency in state-owned enterprises greatly increases the outflow of state-owned assets, so the government loses control in its management of state-owned assets; 8) The existence of monopoly markets and monopoly profits shows that the government is losing control of market management.

12. "Seeking leases" is a driving type inflation, in which various kinds of "lease-seeking" behaviors seriously add to and push the inflation problem. The reasons that "lease seeking" behaviors occur are, one, excessive demand causes an imbalance between overall supply and demand. Two, during the system change, market construction and operations management failed to keep up, and various kinds of relationship were not smoothed, which made room for "lease seeking" behavior. Three, during the system change and financial and tax reform, profit regulating construction failed to follow up, and the profit makers filled their personal pockets, which stimulated "lease seeking" desires of some in society. Four, administrative management and legal construction failed to keep up, so some used special administrative powers and powers in business to seek grey income. These behaviors were not stopped promptly.

13. Besides systemic causes, there are also policy causes of inflation. These include inflation caused by changes in currency policy, policy measures such as allowing enterprises to collect capital through stock issuance, etc. At present, inflation is not deliberately caused by the central government. Allowing enterprises to collect capital through stock issues will also increase the volume of currency in circulation, and when this exceeds a certain amount, it will also cause inflation.

14. Sudden changes in consumer behavior due to an anticipation of inflation will also lead to inflation. With prices gradually opening up in China, there is always a psychological expectation of higher prices, which leads to an increased societal demand and currency purchasing power in advance, and which becomes an important unpredictable factor causing and strengthening inflation.

15. The basic reason for the current inflation in China is the overall expansion of demand which occurred last year and the year before. There may be no direct relationship between the present inflation and the current investment scale and currency volume. We do not have to shrink the money supply because consumption prices will stay high and too-tight control of the economy will affect present normal production or lead to shortages in overall demand.

16. In addition to the domestic and social causes of this round of inflation, there are also external influences causing China's inflation. China's economic and foreign trade is very great in scale, added to which was the

gap between exchange rates after they were merged; these two factors together formed massive inflationary pressures in 1994. Meanwhile, with increased expansion in China's export-oriented economic exchange, and improving opening to the outside, it is inevitable for international-type inflation to transfer to the domestic. The main channels for international-type inflation to come into China are: 1) through foreign trade; 2) through foreign capital; 3) through the industrial structure.

IV. Opinions and Countermeasures on Treating Inflation

The belief is that treating inflation is the number one mission for 1995 macrocontrol. The central government hopes to keep inflation within 15 percent, but it will not be easy to attain this goal. In order to maintain lasting, healthy and rapid growth in the domestic economy, using "one knife cut" in treating inflation will not be appropriate. We must begin with the long term situation, and the regulating and controlling force should not be too strong. We must use the policy of "treating specific situations with specific methods." This is summed up in the following few points:

1. Suppression of inflation requires comprehensive treatment, combining object-oriented treatment and fundamental-oriented treatment. For object-oriented treatment, the state will not issue major price adjustment projects in the short term to avoid stimulating price hikes. Use some of the nation's material reserves, chiefly grain, meat and sugar, etc., to put into the market, and organize vegetable purchases and allocations to increase the market supply for products in short supply; use part of the nation's foreign exchange reserves to import grain and food oil, etc., commodities for which there is a big domestic supply shortfall, to ease the market contradiction between supply and demand, etc. For fundamental-oriented treatment: 1) Carry out further reform, speeding up enterprise reform, improving production output efficiency, improving enterprise economic efficiency and reducing cost of product; 2) increase agricultural input, improving agricultural production conditions, improving the unit production output of agricultural products, and increasing the supply of agricultural byproducts; 3) increase income and save on expenses, reducing deficits and improving the nation's financial situation; 4) control the fixed asset investment scale to regulate the investment structure and improve investment efficiency; 5) strengthen and improve macrocontrol and regulation, controlling the scale of currency issue and loans, gradually making the currency circulation volume in general suitable to the market demand for currency and changing the

situation of the excessive currency issues of the past; 6) develop the securities market, increase the varieties of finance, strengthen people's investment and financing awareness, which will convert part of consumption funds into investments, thus reducing market pressures; 7) promote housing reform, hospital health care system reform and educational system reform, to increase consumer noncommodity expenditures, and further disseminating consumers' buying power; 8) speed up construction of a consumer product macrosystem which will include a reserve system, risk fund, market system, monitoring and managing system and various kinds of support systems to regulate enterprise behavior in such areas as circulation, etc.

2. Apply more frequent economic measures to treat inflation gradually. At present, China's economic regulation and development has improved consumer actual income level considerably; therefore, it has gained the favorable situation of treating inflation in different spots. The first measure is to control the developing momentum, trying to push down price increases gradually; the second step will be taken after a period of time; for example, accomplishing a "soft landing," achieving a price rise around 10 percent or near 10 percent, but do not pursue a big drop in price rises within a short time, otherwise a market slump will occur. The rush braking method must not be used again; we must insist on a relatively stable and healthy macroeconomic policy. Second, we must apply economic means to treat inflation, but we should not relinquish necessary administrative and legal means either; some price limitations and special operational measures can only be applied as special short term unusual means. We must accelerate price regulation to regulate the behavior of market entities. In order to treat inflation effectively, we must raise interest rates, gradually giving actual interest rates a positive value. This can effectively prevent excessive demand for capital and correct blind purposeless investment, as well as further motivate consumers' enthusiasm for savings.

As for holding down inflation by raising the interest rate, some people think the interest rate should not be adjusted or adjusted only a little. The reason is: Comparing the current interest rate with the rate of inflation, there is actually a negative interest rate; however, both urban and rural savings deposits are still growing rapidly, plus enterprise interest costs are already very heavy. With a small share of enterprises making profits, further adjustment of the interest rate will create new pressures on state-owned enterprises. Some people think that high interest rates will add to the inflationary pressures, by withdrawing capital from the stock market and raising the cost of investment,

damaging stability of the macroeconomy. Speaking of China's current situation, high interest rates are unfavorable to treating inflation, unfavorable to building the capital market and unfavorable to lasting, rapid economic growth.

3. Since a direct cause of inflation is overall societal demand exceeding overall societal supply, in order to suppress inflation we must implement macrocontrol to control the overall volume of currency supply (by "macrocontrol" we mean control of the total volume of the currency supply). We can adopt three types of measures for macrocontrol: 1) direct administrative measures, for example imposing controls on the volume of loans, even for specific projects; 2) apply economic measures, for example interest rates; 3) implement further reforms, for example reform of the financial system, constructing a better system for allocating capital sources, reforming the enterprise system, etc. Of these three levels of measures, we should stress numbers two and three. In other words, we should replace step number 1 with step number three as soon as possible.

Whether we should adopt a loose or tight financial policy in controlling inflation, some economists suggest completely releasing the money supply. Some suggest it should be tight in the 1995 currency policy. Some comrades think that the key is in improving investment results rather than trying to increase investment. Some economists also think that viewed from the first half of the year, the money supply should be loosened a little while keeping it generally tight. Directed at the problem of a shortage of effective demand and the serious accumulation of investment products that actually exists in the current production material area, we must regulate the investment structure, expand investment in bottleneck industries such as railways, highways and power, and control the total volume of investment. Some people think that in resolving China's current inflation, it would be inappropriate to adopt a too-tight financial policy; the "three flat" theory previously used to stop inflation by working on investment expansion, suppressing financial expenses and suppressing bank loans will not help resolve the current problem.

4. To treat inflation, we must control demand and increase effective supply, but we should also pay more attention to enterprise reform. Reform of state-owned enterprises should be on two levels and of four types. The first level is standing by structural regulation, chiefly regulating the reserve volume structure, gradually reducing the scope of state-owned enterprise and improving the overall level of state-owned enterprise. There are two types of enterprise on this level. One type consists of those which should be in bankruptcy or have

ceased production; for those, we must firmly announce their bankruptcy or production stoppage in accordance with the law. The second type consists of those small enterprises which have often lagged in their efficiency, nor have they held important positions in the domestic economy; for these we can implement various forms of ownership to improve efficiency. At the second level are the state-owned medium and large-scale enterprises. These enterprises hold important positions in the domestic economy, and generally speaking we must focus on system creation. Including medium-sized enterprises, we should absorb joint stock through increased asset volume or some of the increased reserve volume to form a mixed, new type of enterprise with clear property rights. Another type consists chiefly of medium and large backbone enterprises, and these must be changed to the modern enterprise system, with some higher demands on them for system creation. Some people suggest the following countermeasures to resolve the low-efficiency, high-currency input problem of state-owned enterprises: 1) Implement classified reform to reduce the huge waste of society's capital resources by state-owned enterprises; 2) Accelerate enterprise social security system reform, the unemployment security system first, while at the same time starting reemployment projects to furnish security in state-owned enterprises' property system reform; 3) Regulate the banks' loan structure, smoothing the relationship between banks and enterprises, and overcoming the currently existing phenomenon of "repudiating a debt" without credibility; 4) Carry out a suitably tight financial policy, simplifying staffing and cutting management, while making deeper cuts in administrative funds, strictly controlling consumption in society.

Increase agricultural input, strengthening construction of each infrastructural construction, and improving the ability to supply agricultural products. In order to guarantee a stable supply of agricultural products, we should implement the following countermeasures: 1) Adopt various measures to increase input into agriculture through the central government, local government, community collective and individual farmers, as well as the responsible goal of increasing investment in agriculture and grain production progressively each year through upper to lower divisions; 2) Accelerate the reform of the turnover system for agricultural land use rights to guarantee restoration of grain planting areas and stabilize it at about 1.65 billion mu, and restore cotton planting areas to 90 million mu; 3) Strengthen the agricultural infrastructure to improve basic production conditions in agriculture, improving ability to resist agricultural disasters and strengthening the staying capacity of agricultural development; 4) Push for a suitable scale of agricultural operations and enterprise op-

eration, accelerating traditional agriculture transition to modern agriculture; 5) Accelerate measures for urbanization in the countryside, guiding a reasonable flow of surplus agricultural labor; 6) Accelerate creation of the township enterprise system to promote the process of compensating agriculture by industry; 7) Vigorously support production of materials for use in agricultural production, reducing the gap between industrial products and agricultural products to improve agricultural production's relative interests; 8) Try to control the loss of arable land in the southeastern coastal area and the phenomenon of reducing the area under cultivation, taking practical measures to do a good job in these grain production areas, and preventing the transmission of agricultural product price rises between regions.

6. Foreign trade is a 90s variable that affects inflation. In treating inflation we should prevent international inflation transferring to domestic inflation, seeking a "dual balance" of the domestic and international economies. The countermeasures for 1995 are: 1) Expand imports to suppress price. However, we cannot expand imports by depending on expanding total demand, but rather through value increase of the exchange rate and reducing or exempting customs duty, making it profitable to seek imports; 2) Open up the free exchange of foreign currency for usual projects, especially no longer restricting sales of foreign exchange to enterprises through a process; and at the same time loosening restrictions on the buying and selling of foreign exchange by individuals; 3) Continue to loosen restrictions on taking RMB across our borders, letting inflation shift to foreign countries; 4) Strengthen the management of foreign exchange for capital projects, especially restricting the free flow of speculative type international capital in or out of China; 5) Keep the value of the RMB "stable while it rises," basically keeping an eye on the trend of the U.S. dollar; 6) Accelerate financial creativeness, trying to create as soon as possible RMB long term business and other business; 7) Accelerate reform of the foreign trade system and domestic enterprise reform to improve Chinese enterprise international competitiveness, absorbing the pressures of currency depreciation; the key is in changing the monopoly export and low efficiency exports of state-owned foreign trade enterprises and exporting via such obsolete planned economic methods as exchange rate depreciation.

7. Measures in other aspects. Some comrades suggest putting the treatment of inflation above the cost of treating it. We must refer to the current cost accounting (also called present value accounting) of western nations to reflect the actual value and volume of assets and costs. Some comrades suggest that we should strengthen anti-inflation awareness throughout society, through public-

ity, breeding up consumers legal awareness and market economic quality to ease the inflationary pressures formed by consumers excessive competition and anticipation.

Everyone believes that many measures, countermeasures and policies must be used to support each other and bring into play a comprehensive effect as well as pay attention to coordination and regulation.

V. Forecasts on the Future of Inflation

Concerning the trend of inflation in 1995, the current theoretical community makes the following forecasts:

Some people think that the inflation trend in 1995 will depend on the following factors: 1) the after-effect of 1994 price rises. Initial estimates are that the after-effect of 1994 price rises are between 6 to 7 percent. 2) the impact of price adjustment measures which will be issued later this year; the cost driving produced by price regulation and opening in market economic transactions are in fact still having a major influence on price rises in 1995. 3) the controlling force of investment, information and currency in economic growth and the government's controlling force in such things as market price regulation. Therefore, we believe that the level of price rises in 1995 will remain high, although it will fall to some degree compared to 1994. Initial estimates are that society's retail price index and the consumer cost of living index will rise above the 10 percent level for the entire year.

People suggest that there could be four trends for inflation in general in 1995: 1) It will generally maintain the regulatory force of 1994 with macrocontrol sometimes loose while tight at other times; while the price index will rise at times and sometimes fall, the year's retail price index being around 20 percent or more, and the GDP growth rate falling between 10 to 12 percent or higher. 2) The comprehensive force of regulation will be big, and the price index will tend to decline, being about 13 percent at year's end, and about 18 percent for the whole year. The GDP growth rate will be around 10 percent. 3) The comprehensive force of regulation will be very big, and the price index will fall; it will be about 10 percent at year's end and 15 percent for the whole year, and the GNP growth rate about 9 to 10 percent. 4) The comprehensive power of regulation will be huge, the price index will fall rapidly to about 6 to 8 percent at year's end, 13 percent for the year, and the GNP growth rate will be around 8 percent or lower. "The first" type of prospect is very risky, the price for treatment will be massive. "The fourth" type is barely possible to achieve. Under the prerequisite of practically increasing the comprehensive force of regulation, we can try to win over "the second" and "the

third" type of future, with the "second type" being the minimum goal we should attain; "the third" type is a better goal we should try to reach.

Also, there are three differing estimates as to the overall trend of China's economic development in 1995: one, that the economy will continue to expand. This means that the national GDP will stay high on the basis of the 1994 11.8 percent growth or go even higher, while the inflation rate will stay above 20 percent or even above 25 percent. Two, while the economy will slow down or begin to slow down, inflation will remain high, continuing to reach about 20 percent or more. Three, the economy will show a further trend to relatively steady development. This means that the national GDP will slow down a bit on the basis of three consecutive years of excessive growth; but it will still maintain a growth rate of about 8 to 10 percent. Although it will be impossible for the inflation rate to be very low, it will be significantly lower than the 21.8 percent of 1994; for example, it may fall to around 15 percent or between 13 to 15 percent. If we adopt proper policy measures, we will absolutely have the circumstances to accomplish the third type of estimate.

***Southern Jiangsu Cited as Model for Rural Progress**

95CE0390 Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese 5 Mar 95
No 3, pp 56-60

[Article by Zhang Jianguo (1728 1696 0948): "The Southern Jiangsu Model: The Path of Rural Industrialization in China"]

[FBIS Translated Text] The southern Jiangsu model, derived from the experiences of the people of southern Jiangsu, is a magnificent beginning for the people of southern Jiangsu in their realization of rural industrialization.

A Successful Path

Southern Jiangsu has already become China's largest township and town industrialization area. In 1994, the State Council's Developmental Research Center and three authoritative ministries publicly issued the "Comprehensive Assessment of 500 Excellent Township and Town Enterprises in China." The area in Jiangsu province centered on Suzhou, Wuxi, and Changzhou accounted for 97, or one fifth, of the total enterprises listed nationwide. The over 50 percent rate of investment in new production capacity, including new materials, new technology, and new techniques, was particularly noted. As an authoritative ministry noted in its assessment, "Due to the fierce pace of development of

China's township and town enterprises, China's rural society has entered a period of growing industrialization." From 1978 to 1993, the GNP of Suzhou, Wuxi, and Changzhou maintained an average annual growth rate of 19.6 percent. Even the "soaring" phases of economic development in Japan and Korea pale in comparison. In 1993, the more than 13 million people of the three cities of Suzhou, Wuxi, and Changzhou generated a GNP of over 113 billion yuan, or an average of over 1,000 U.S. dollars per person. All of the 12 counties (or municipalities) governed by these three cities gained a place of honor on the "National List of Overall Superior Counties." The so-called "five tigers of southern Jiangsu," or Wuxi county, Jiangyin county, Zhangjiagang city, Changshu city, and Wujin county all were listed in the top ten. Forty five of the villages listed in the "National List of Villages with Superior Township and Town Enterprises", issued in early 1994, were in Jiangsu, and all of those were in southern Jiangsu.

Only through rural industrialization will agriculture be modernized. During the "Seventh Five-Year Plan" and the "Eighth Five-Year Plan," the township and town industries and rural collective economies of southern Jiangsu have contributed nearly six billion yuan in funds for the support and building of agriculture. More and more peasants are enjoying the rural pleasures of "planting seedlings without bending over, digging ditches without using a hoe, killing insect pests without carrying a backpack, and harvesting without a knife." Wuxi, Changshu, and Wuxian have been designated by the State Council as the "Jiangsu Province Agricultural Modernization Experimental District." After eight years of effort, operations of [significant] scale in some counties under Suzhou and Wuxi occupy 45 percent of the area of responsibility fields. Five hundred fifty seven agricultural villages in Wuxi county have developed 704 village-operated farms and 797 families specializing in grain production, with operations of significant scale occupying a total area of 118,000 mu (most village-operated farms are about 80 mu, and 15-20 mu requires the long-term fixed labor of one strong person), or 54 percent of the total area of responsibility fields in the county. All of the responsibility fields of nine towns and 207 villages have implemented land operations of scale. The establishment of village-operated farms has allowed for commodity grain supplements, which were previously scattered among countless households, to be concentrated to a high degree and used for agricultural basic infrastructure and agricultural mechanization. This has provided reliable guaranteed investment in agricultural modernization. Investment in agricultural machinery, field irrigation works, agricultural service systems, agricultural roads, silos, drying facilities and other basic infrastructure in Wuxi county during the past six years

has reached 267 million yuan, or 71.2 percent of total agricultural investment. In 1992, the total power of all the agricultural machinery in the county was 51.55 kilowatts, and every 100 mu had 83.9 kilowatts. Ninety five percent of the grain fields in the entire county were plowed with cultivator tractors, and cultivating tractors with implements have reached a ratio of one to 2.3. The total area of three types of grain harvested with combines reached 95 percent. There are over 40 kilometers of newly built standardized cement open drains, 800 kilometers of newly buried underground water conduit, and over 60,000 mu of high-production grain fields equipped with the "three undergrounds" (underground irrigation, underground drainage, and underground precipitation management). Seventy two percent of the village level agricultural general services stations are up to standard and have begun to perform well in the overall advancement of agricultural modernization.

The development of township and town enterprise has opened up a wide avenue for the utilization of surplus rural labor. Although there is only 0.8 mu per person of tillable land in southern Jiangsu, with the development of township and town enterprises, the area absorbs a large amount of labor from other places each year. Suzhou, Wuxi, and Changzhou alone have already absorbed 1.5 million workers from other localities.

Eighty percent of the income of peasants in southern Jiangsu is distributed through collectives, thus preserving the dominant position of income distribution according to labor contribution. Currently, income levels for the entire area are fairly consistent, with little disparity. In 1985, the average per capita income among peasants in the 12 counties (and towns) under the jurisdiction of Suzhou, Wuxi, and Changzhou was only 666 yuan, and the difference between the highest and lowest incomes in the three cities was less than 100 yuan. As of 1992, the average per capita income of peasants in this area had risen to 1,802 yuan. The difference between the highest per capita income of 1,990 yuan in the Suzhou area and the lowest per capita income of 1,515.3 yuan in the Changzhou area was still only about 400 yuan. Income differences among different counties, among different towns, townships, and villages, and among different households were somewhat greater, but there was no trend toward polarization. In 1993, the gross value of agricultural and industrial output of the three types of by-products in Huaxicun village of Jiangyin, known as the "Number One Village South of the Yangtze," was one billion yuan. The tax on profits was over 100 million yuan. The average earnings distributed was 3,180 yuan and, at the same time, the average capital holdings per person in the collective was 277,000 yuan. Now, in Huaxicun each peasant family lives in a three story

cottage-style detached house of over 400 square meters. But the people in Huaxicun say, "there are no nouveau riche here, and no poor people, but everyone is becoming prosperous on the same path together."

Rural industrialization is the beginning of urbanization. The township and town factories of today are the factory cities of tomorrow. The wave of industrialization in southern Jiangsu is currently bringing second and third type industries, which represent industrial culture and urban culture, to the flourishing small towns. At the end of 1992, 237 towns were designated in the Suzhou, Wuxi, and Changzhou area, a net increase of 89, or 60 percent, over 1989. There was a great change in the scope and internal quality of the small towns. In 1992, there was a small town for every 49.2 square kilometers on average in the province of Jiangsu; and in the Suzhou, Wuxi, and Changzhou area, there was a small town for every 25 to 30 square kilometers. In the southern Jiangsu area, if the population concentrated in towns and the population in cities is added together, the total urban population is 6,558,800, or 49.7 percent of the total population of this area. Thus, a moderate level of urbanization has been achieved here. Small towns have been concentrated areas for politics, economics, education, culture, technology, information, and finance and have become centers for the absorption of large amounts of surplus labor. They have become new types of towns with appropriate layouts, great capacity to project outward, a more complete range of functions, and more complete infrastructure. Currently, three quarters of the production of township and town industry and four fifths of the rural foreign exports from southern Jiangsu come from small towns. The towns extend influence out to the villages and the villages rely upon the towns, making the small towns a bridge between the medium-sized and large cities on one side and the villages on the other side.

The people of southern Jiangsu, like the people of the rest of China, are currently drawing a beautiful picture of the harmonious and simultaneous development of the two types of culture. Annual growth in investment in spiritual culture in the Suzhou, Wuxi, and Changzhou area is higher than annual growth in revenue. During the "Seventh Five-Year Plan" and the first three years of the "Eighth Five-Year Plan" alone, investment in basic education exceeded 1 billion yuan. The "Spiritual Culture Development Company" of Huaxi village became a spiritual industry pioneered by Huaxi. To improve the quality of the people in Huaxi village, the village constructed a series of facilities, including classroom buildings, culture buildings, a cultural and physical activity center, a stadium, and a library. For several years now, the village has achieved the "three no's" (no gambling,

no superstitious activities, no criminal infractions) and the "three more's" (more respect for elderly and caring for the young, more family harmony, more unity among neighbors). Southern Jiangsu has been a leader in promoting universal nine year compulsory education, professional education, and vocational education and is a top example of this nationwide. Community culture, new village culture, local culture, enterprise culture, and family culture have all flourished, enriching the cultural lives of the masses and molding their values. Socialist spiritual cultural work is creating a generation of new people with "four haves." [have ideals, have morality, have culture, have discipline]

Useful Inspirations

As the socialist market economy is built, the southern Jiangsu model is continuously being perfected and developed.

Inspiration One: Taking charge of opportunities, exploiting local advantages, and accelerating the economic ascent are the basic principles of implementing rural industrialization in southern Jiangsu. The people of southern Jiangsu say that grasping opportunities means combining natural and geographic advantages, macroeconomic and microeconomic factors and, with the big picture in sight, performing the "local drama" and the "local scripture" well. From the 90s, southern Jiangsu has grasped the great opportunities in the opening of the coastal areas and the development of an externally oriented economy and has established "using the outside to help the inside" as a strategy. The city of Suzhou has established 11 national level and provincial level development districts which, with the addition of the Suzhou industrial park, has formed a general environment which is open to the outside. One out of three township and town enterprises is one of "three types of [foreign] investment" enterprise. The entire city has over 3,000 enterprises with one of the "three types of [foreign] investment." In 1993, foreign investment in hand reached \$1.5 billion or over half of the foreign investment for the whole province. In 1993, one third of the agricultural and industrial by-products of the city entered the world market, generating over \$3 billion of foreign exchange. The GNP for the city broke the \$50 billion mark, or 16 times that of 15 years ago. Opportunities arrive for those with liberated thinking. The development of Zhangjiagang city is even more representative. In only a few years, this city has achieved a remarkable miracle. In 1993, GNP here broke the \$10 billion mark, and the gross value of agricultural and industrial output was 36 billion yuan. The total size of its externally-oriented economy has also been the leader

among counties (and cities) in Jiangsu province for several successive years.

Inspiration Two: Developing a market economy with the public-owned economy as a mainstay is the steadfast basis of rural industrialization. The conclusions laid down by traditional economic theory are that there is no way to combine a public-owned economy with a market economy and that engaging in a market economy will shake the foundation of the public-owned economy. But the Suzhou, Wuxi, and Changzhou area, while implementing reform, has not only achieved the rapid development of a market economy but also confirmed the continuing strength of the public-owned economic base. Township and town enterprises in southern Jiangsu have already reached the economic scale of an annual industrial output of over 100 billion yuan, with almost no investment from the national government. All of this has been created by relying upon the advantages of the concentrated strengths of county and township public-owned economies to work on major projects. While maintaining the public-owned economy as their main foundation, the three cities of Suzhou, Wuxi, and Changzhou first engaged in a series of reforms of the operating mechanisms by which the government managed enterprises, to create an advantageous social environment for public-owned enterprises to make a major entry into the market. The first reform was of the economic management system which had relied primarily on planned management. With regard to public-owned enterprises, the government then only retained control of the leadership personnel, responsibility contracts, and means for linking distribution to efficiency. What to produce and how much was then left up to the enterprises themselves to determine. The second was to create a tangible market system with many levels and many functions. Now, a full service market system has been created, with many types of markets, including industrial products markets, and futures markets which are directly linked to international markets. In 1993, annual total transactions in the various markets in Suzhou alone exceeded 20 billion yuan. A great number of markets with over one billion yuan in annual transactions sprang up all over the city. The third reform was to place an emphasis on control of the reform of internal operating mechanisms within enterprises, to allow public-owned enterprises to truly become a major part of the market economy. For example, Wuxi county first implemented the "one guarantee and three reforms" in the township and town enterprises and then promoted "contract responsibility for key elements in production, and capital turnover and growth," as well as a stockholder system and stock cooperation system, to provide great momentum for the development of township and town enterprise. The fourth reform was to develop a manage-

ment system consistent with a market economy for local governments to engage in regulation and control of regional economic activity. This included establishing economic and industry development strategy plans and corresponding policies and regulations, taking charge of enterprises expanding reproduction, and providing guarantees that public-owned capital would maintain value or grow in value. The fifth reform was to allow many economic elements to coexist. In 1993, the number of southern Jiangsu standardized joint stock or joint cooperative stock enterprises had reached 7,604. Now it appears that the joint stock system and the joint cooperative stock system, with public-owned enterprises as a mainstay, can allow the advantages of a combined economic system to be fully exploited. The success of reform in southern Jiangsu proves that a socialist public-owned economy can fold into the development mainstream of a modern socialist market economy.

Inspiration Three: Highly developed township and town enterprises are the main guiding force behind rural industrialization. Relying on the development of township and town enterprises can create rural industrialization, and implementing a strategy of concurrent urban and rural industrialization can shorten the path to national industrialization. This is a socialist road to industrialization with Chinese characteristics which is different from the capitalist road to industrialization and also different from the traditional socialist road to industrialization. After Deng Xiaoping's southern inspection tour, the township and town enterprises in southern Jiangsu first shifted the strategy in their thinking from the old path of blind pursuit of rapid growth in output to a strategy of success through excellence, newness, high technology, and efficiency. In terms of economic structure, they have already broken through the limitations of a monolithic economic structure with "small and scattered" enterprises to implement coordinated development of first, second, and third type industries and create a new environment in which enterprises develop toward group or collectivized forms with operations of [significant] scale. In terms of operations mechanisms, they have resolutely sought out a path from the self-conducted reform of the township and town enterprises to create new developmental advantages. In terms of production methods, they have made a transition from the "sea of people strategy" to one based on technological process and highly efficient management, with a firm grasp of personnel engineering. In southern Jiangsu today, the funding of township and town enterprises has been linked up with international markets, the markets are linked with the international economy, and the enterprise mechanisms are consistent with international practice. This has resulted in a group of popular products which have an impact on domestic and foreign mar-

kets, a group of renowned high technology industries, and a group of enterprise groups which rely on internationally renowned major companies. In 1993, the gross value of the industrial output of rural Suzhou, Wuxi, and Changzhou reached 285 billion yuan, or 69.6 percent of that of the entire province of Jiangsu. Township and town enterprises have formed 297 enterprise groups, and over 200 enterprises have been established abroad. The main equipment used by 80 percent of the township and town enterprises in southern Jiangsu, which are characterized by technology, efficiency, and external orientation, is consistent with the highest international and domestic standards. Thus, the area has started down the path of rural industrialization from a monolithic agricultural rural economy to comprehensive development of all three types of industry.

Inspiration Four: Rural industrialization has advanced the integration of industry and agriculture and the integration of rural and urban areas and has transformed the tradition rural economic structure and social structure, accelerating the process of rural modernization. Southern Jiangsu is currently striding toward the goals of "agricultural modernization, rural industrialization, and rural urbanization." 1) The key to rural modernization is rural industrialization. Rural industrialization has allowed for over 70 percent of labor in the southern Jiangsu area to make a transition from simply working in planting crops to working in second and third type industries. In 1993, the rural gross value of industrial output of the three cities of Suzhou, Wuxi, and Changzhou exceeded 90 percent of the rural gross value of agricultural and industrial output of this area. The ratio of township and town industries to urban industries in this area has been transformed from the three to seven ratio of the 80s to a current ratio of seven to three. The rural industrialization of southern Jiangsu has identified a route for China's rural industrialization and for the advancement and acceleration of the industrialization of the entire country. 2) The foundation for rural modernization is agricultural modernization. Currently, the level of basic construction of agricultural fields and the use of agricultural machinery in the Suzhou, Wuxi, and Changzhou area are equivalent to standards in developed countries. They have also all established strong agricultural social service systems to take responsibility for over 70 percent of the farm work of farm households. Appropriate agricultural operations of [significant] scale have allowed agriculture to transform gradually from nonspecialized forms to specialized forms and have allowed those engaged in agricultural production to achieve an equal or higher level of labor remuneration as those in township and town enterprises. 3) The indicator of rural modernization is rural urbanization. The area covered by "village cities" is growing larger and larger. This

has enhanced the influence of small towns in terms of product distribution, culture and technology dissemination to the countryside, joint enterprises between towns and villages, and information and consulting. It has also improved the quality of life of both urban residents and peasants. The process of rural urbanization in southern Jiangsu is predicated upon "peasants creating cities" and is a process of developing toward the integration of the cities and the countryside. The people of southern Jiangsu say "the 70s were for building fields, the 80s were for building factories, and the 90s are for building cities." These three phrases reflect the three waves of reform and construction in rural southern Jiangsu in a lively way.

Initial Reflections

The southern Jiangsu model may be a path for accelerating the modernization of rural China. Today's southern Jiangsu may be the vast reaches of rural China tomorrow.

First, the southern Jiangsu model has created a new opportunity for the integrated, coordinated development of the coastal areas and the central and western areas. Of the total township and town enterprise output of 1993, the eastern area accounted for 65 percent, the central region accounted for 30.2 percent, and the western region accounted for only 4.8 percent. During the "National 87 Campaign to Assist Poor Regions Plan," southern Jiangsu, Jiangsu's Huaxicun, and Zhejiang's Wanxiang Group all put forth "plans to advance westward." Nationwide, model projects of east-west cooperation with "mutual aid through exchange of advantages, exchange of resources" as their motto were inaugurated comprehensively as projects to continue through the turn of the century.

The strategic responses which should be adopted to develop central and western China, with the southern Jiangsu model as a reference, are: 1) Strategic goals must include integration between the east and the west and between the city and the countryside. This must include overcoming urban-rural separation and local isolation and fully utilizing the superior funding, technology, personnel talent, and information of the coastal areas and the superior resources of the central and western regions to form an organic whole with coordinated, integrated economic development of the eastern, central, and western regions with urban and rural areas unified so that the entire nation functions together as if on a single chessboard. 2) The development distribution should be strategically concentrated upon the towns and radiate out toward the villages. In implementing rural industrialization in the central and western regions, now is not the time for "allowing remote areas to blossom."

We should choose localities which are near cities, along transportation arteries, and have plentiful water and energy resources to concentrate limited funds, technology, and talent and strive to improve product quality and economic efficiency and provide impetus for comprehensive rural economic growth. 3) The strategic principles should entail engaging in the exchange of key elements with efficiency the top priority. We must resolve the problems of the lack of funds, technology, talent, and information in the development of township and town enterprises in the central and western regions. We can engage in an exchange of advantageous resources with the coastal areas. The cooperation and division of labor which has begun in the 90s between the eastern coastal areas and the central and western regions has created a historical opportunity for accelerated development in the central and western regions.

Second, with the rural industrialization of southern Jiangsu as a turning point, we must expand upon the superior mechanisms of township and town enterprises to develop toward middle and large sized internationalized township and town enterprise companies and company groups in high technology industries. 1) We must establish a modern enterprise system. During the first half of 1993, 240 township and town enterprise groups were established in the Suzhou, Wuxi, and Changzhou area and, of these, over 50 were provincial level township and town enterprise groups of significant strength. The formation and development of township and town enterprise groups is advantageous for the rapid development of economic scale; the strengthening of the enterprise ability to withstand the wind and waves in the great tide of the market economy; and the enhancement of the key production elements deployed; and to exploit the advantages of the group and of popular products and to create the effect of famous brands and raise economic efficiency. The formation of township and town enterprise groups must be predicated upon voluntary participation and mutual benefit. It is the linking of enterprises through share consolidation and joint operation or through dividend participation and a holding company to transform small, scattered enterprise units into a group of economic scale. 2) We must implement internationalized operations in township and town enterprises. Because Suzhou, Wuxi, and Changzhou all paid great attention to the development of basic infrastructure in municipal and county level districts and small township and town enterprise districts, as well as to the enhancement of the investment environment, they had the new experience of "first pursuing foreign business, then welcoming foreign business, now choosing among foreign businesses." During the process of internationalizing the operations of township and town enterprises, operating mechanisms must be transformed at the appro-

priate times. Scientifically appropriate operations strategies must be established. Popular products must be the priority, and other products should be secondary. Efforts must also be made to develop new products and new projects. The scope of international operations should be gradually expanded at many levels. The development of talent and training work must be accelerated. 3) We must switch to new and high technology industries. The main criterion which will be used to judge the level of scientific and technological progress in the township and town enterprises of the future will be the degree to which the enterprises have become new and high technology industries.

Third, developing middle-sized and large cities to give impetus to the development of small towns, relying upon the existing county (and municipal) seats and with the southern Jiangsu model as a reference, has become the strategic choice for China's rural urbanization.

The development of small towns has created a realistic, feasible path for resolving the problems of employment for the wealth of rural labor, agricultural modernization, and the opening up of rural markets. To do this, first we must do a good job of planning. Second, we must rely upon existing county seats and develop small and medium-sized cities to give impetus to small town development and work toward urban and rural integration. Small town development cannot mean causing remote areas to flourish first. Third, we must fully exploit the functions of the government to create the local conditions conducive to small town development and raise the quality of living among the broad masses of urban residents and peasants.

Fourth, the southern Jiangsu model has clearly identified the direction in which China should accelerate the transition from traditional agriculture to modern basic industry and build China's agricultural modernization. The experiences of southern Jiangsu have taught us that agriculture can develop to become a modern industry replete with high technology, specialized operations, and social production. How should we gradually implement agricultural modernization? One way is to develop crop operations of appropriate scale. We can do as Wuxi municipality did and rely upon township and town enterprises to amass large amounts of agricultural investment funds and put great efforts into developing many forms of agricultural operations of appropriate scale, including village-operated farms, family farms, station-operated farms, factory-operated farms, and expanded crop-planting families. At the same time, we must establish complete systems of agricultural social services, improve and complete the basic agricultural infrastructure, and develop a higher level of agricultural mechanization, thereby continuing to improve the standard

of land operations of scale. Second, we must accelerate the advancement of science and technology and implement integrated trade, industry, agriculture and technology to develop agriculture which is of superior quality and high efficiency and generates exchange. We must take advantage of foreign investment to develop agricultural by-products for export. While we are utilizing foreign investment to develop first-type industries, we must break out of the circle of monotony and develop second and third type industries at the same time, based on the needs of international markets. We must ensure harmony among different professions and sectors including agriculture, industry, scientific research, and trade; and we must guide enterprises along the path of generating foreign exchange through agriculture which is integrated with trade, industry, and technology.

Finance & Banking

Hard Currency Earnings From Tourism Grows

OW1809134895 Beijing XINHUA in English
0726 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — China had 26 million tourists from overseas during the first seven months of this year, an increase of 4.8 percent over the same period last year.

Information from the China National Tourism Administration showed that of that number, 4.5 million tourists were handled by travel agencies, an increase of 3.9 percent over the figure in the same period of last year. In the meantime, international tourism services earned a total of 4.48 billion U.S. dollars, a rise of nine percent over last year.

Officials with the China National Tourism Administration said that in the seven-month period, the number of tourists from other Asian countries and from Oceania increased 10 percent over last year, while the volume of tourists from America and Europe kept a steady increase of below 10 percent.

Of the 15 major sources of tourists, the Republic of Korea ranked first in growth, with a rate of 53.8 percent, but Japan remained China's largest overseas tourist source in numbers alone.

*Foreign Exchange Rate Fluctuations Impact Viewed

95CE0543A Shenyang BOHAI SHANGBAO
in Chinese 25 Jul 95 p 3

[Article by Guo Jin (6753 6855): "Ways Suggested To Minimize Risk of Exchange Rate Fluctuations"]

[FBIS Translated Text] Foreign exchange markets around the world have been in a turmoil recently, with

the dollar plunging in value, the Japan yen surging, and the German mark gaining strength. The dollar used to rule the world; now we have a triumvirate composed of the yen, the mark, and the dollar. A rising yen does more good than harm to Japan, while a strong mark will lead to upheaval on the European currency markets. All of that not only is a harbinger of the trends to come in world finance, but also indicates the direction the economic and political situation will take in the future.

The lesson China should learn from the free fall of the dollar is this: Adjust foreign exchange reserves and the mix of foreign debt to reduce the risk and impact of any wild swings on the foreign exchange markets. For the moment, we should take advantage of a falling dollar to import those American goods we need, adjust China's export markets, and diversify its markets without delay.

Since the renminbi is not yet an international currency, the latest decline in the value of the dollar has had only minor effects on China, primarily confined to the foreign trade area and China's ability to repay its debt. But in these days of growing economic and financial integration and internationalization, sharp fluctuations in exchange rates have a profound impact on countries that have been liberalizing their banking systems, particularly those whose exchange rates are pegged to the dollar. Although China's banking industry is becoming more and more open, its foreign exchange market is still a long way from being completely open and there are still strict controls on capital items. For this reason, the latest turbulence on the foreign exchange markets has affected China to a far lesser extent than most other countries. Be that as it may, we should realize that overseas foreign exchange fluctuations, particularly those involving the dollar, have an impact on the Chinese economy, as demonstrated primarily in the following areas:

1. It has become a top priority to diversify expeditiously the currencies in which the country holds its reserves. Both the Chinese government and Chinese investors should be more aware of the risk associated with exchange rates. According to statistics, over 80 percent of China's foreign exchange reserves are in the dollar; no doubt China stands to lose when the dollar depreciates. We must urgently strengthen foreign exchange reserves management and promptly diversify reserve currencies. Since an excessive portion of the foreign currency deposits of some import-export companies and individuals is in the dollar, they too should consider ways of reducing the foreign exchange risk. Then there are the three kinds of enterprises either wholly or partially foreign-funded as well as imported projects. How can they limit the costs of taking out foreign-currency loans to below

the acceptable risk level? This is another issue the enterprises must pay attention to.

2. The burden of loan repayment has gotten heavier. Already over 30 percent of China's foreign debt is in yen. The sharp rise in the value of the Japanese currency will increase the burden of loan repayment on China. The depreciation of the dollar actually has a dual effect. Since the renminbi has also weakened against the yen and the mark, China stands to lose, whether it repays a loan directly with yen or converts its renminbi into the dollar or mark and pays off a loan in one of those currencies. Given the reality that a substantial share of China's foreign debt is in the yen, the burden of repaying its foreign debt will inevitably become more onerous. On the other hand, a more expensive yen helps China in exporting to Japan. This is an opportunity China must grasp. Judging from the evolution of the international currency structure, the yen has reached a position of strength versus the dollar, so it would make sense for China to reduce the share of its foreign debt in the Japanese currency.

3. It has become more difficult to increase exports and earn more foreign exchange. A falling dollar has made U.S. products more competitive within the American market and complicated China's drive to boost exports, earn more foreign exchange, and raise more funds. At the import end, American products would have an easier time entering the Chinese market, which will inevitably deal a blow to Chinese products. We are used to calculating the prices of Chinese exports in the dollar. At a time when the yen and mark are getting stronger by the day, we must work harder to end that practice by increasing the share of products priced in those two currencies. Also, the continued weakening of the dollar does nothing to help boost the trading of dollar-denominated B shares, thus diluting the performance of companies which have issued B shares on the market. Consideration may be given to ending the practice of pricing B shares in the dollar and using the Japanese and German currencies instead. Now that the dollar's international stature has diminished, the time has come for China to consider changing the structure of its foreign exchange reserves.

***Article Refutes Excessive Bank Savings Theory**
95CE0543B Beijing JINGJI RIBAO in Chinese
14 Jul 95 p 5

[Article by Li Zengjun (2621 1673 1498) and Chen Xu (7115 2485): "High Savings Rate a Boon to Economy"]

[FBIS Translated Text] According to the latest financial statistics released by the People's Bank of China, savings deposits by urban and rural households had

reached 2.38 trillion yuan as of the first quarter this year, up 222.69 billion yuan, or 38.5 percent, from the beginning of the year.

The sharp increase in household savings deposits has helped stabilize the currency, ease the pressure on market supply, accumulate construction funds, develop commodity production, and stabilize and energize the economy.

However, there is no consensus on the way we think about high savings. Some people believe that taking in "excessive" savings deposits is like raising a tiger, which will lead to disaster later. In times of enormous inflationary pressure in particular, if the tiger charges out of the cage the consequences would be unthinkable, they say. Actually their worry is superfluous. The size of the latent purchasing power in society cannot be measured by the level of savings deposits. In the wake of steady economic growth and rising living standards, people will continuously and voluntarily adjust three things—income, consumption, and accumulation. And accumulation always increases as income rises. Accordingly, latent social purchasing power is bound to expand as the economy develops and living standards go up. This is an objective law of social development and does not result from taking in savings deposits excessively. In addition, savings deposits in China today are not "excessive." When people put aside money as savings, they do so of their own free will. Besides, household savings constitute just part, but not the entirety, of economic accumulation. If we look at the credit funds of the various specialized banks, we see no such thing as an oversupply there either. So the problem of excessive savings simply does not exist. Practice proves that savings at this level do not undermine the consumer goods market. On the contrary, it has been highly effective in holding down inflation.

Following the development of the market economy, society has experienced a growing demand for credit funds; and savings deposits are a vital source of bank credit funds and will gradually become the backbone of bank credit activities. According to authoritative sources, 70 percent of the funds needed for economic development comprise credit. Also, over 70 percent of bank credit funds come from household savings. In this sense, it is the high savings rate that has made possible fast economic growth in China.

The reality demands that we work hard to boost savings and allocate large amounts of funds to develop production. The Chinese economy today is still an economy of scarcity, which by and large does not mean over-production accompanied by a lack of effective demand, but excessive demand and undersupply. The

robust development of the market economy has fueled an unprecedented consumption fever among the public, widening the supply-demand gap further. If we now adopt a high-consumption policy to encourage high consumption, we will set up a vicious circle. At a time when demand outstrips supply and there are severe shortages of funds in the country, we should neither advocate high consumption nor control consumption. Instead we should advocate thrift as a virtue and encourage people to save enthusiastically. This is the only way to steer a portion of the consumption funds into production, thus minimizing the supply-demand gap and turning high savings into an effective tool with which to end fund shortages and accelerate economic construction.

***Official Interviewed on Tax Law Enforcement Results**

95CE0543C Beijing ZHONGGUO SHUIWU BAO
in Chinese 28 Jul 95 pp 1, 2

[Interview with Xiang Huaicheng (7309 2037 6134), deputy director of the State Administration of Taxation, by ZHONGGUO SHUIWU BAO reporter; place and date of interview not given: "Tax Law Enforcement Inspection To Be Ongoing Effort"]

[FBIS Translated Text] Editor's note: China overhauled its industrial and commercial tax system in 1994. The transition from the old system to the new has been a tentative success. However, consolidating and perfecting the new tax system remains an arduous task. To ensure the implementation of the new system and preserve the uniformity and consistency of the nation's tax law, the State Administration of Taxation launched a nation-wide inspection of the enforcement of the new tax system in the first part of this year. Problems in law enforcement by tax agencies were cleared up and corrected in order to further standardize such enforcement and put tax management on a legal footing. Deputy Director Xiang Huaicheng of the State Administration of Taxation was interviewed by this newspaper recently and asked about the latest inspection. [end editor's note]

[ZHONGGUO SHUIWU BAO] Director Xiang, could you tell us the reasons for launching the current tax law enforcement inspection?

[Xiang Huaicheng] Launching this inspection was an objective demand placed on us by the new tax system one year after it went into effect. It is an important measure taken by the tax community to consolidate and perfect the new tax system.

Following the reform of the industrial and commercial tax system in 1994, a new tax system that satisfies the

needs of a developing socialist market economy has been put into effect, the government's ability to regulate and control revenue on a macro level has been enhanced markedly, and the tax law enforcement environment has improved. However, the new tax system is not yet well established and activities injurious to the new system occur frequently. Another problem that could not be ignored was that some tax agencies failed to enforce the law strictly. For instance, the leaders of some local governments and tax agencies did not fully appreciate the profound change wrought by tax reform and insisted on approving tax waivers and tax cuts. Touting their so-called "flexibility," they even ignored the uniform provisions in the nation's tax law and came up with their own tax policies without authorization. With their underdeveloped sense of legality, some tax cadres cut, exempted, or delayed taxes as they pleased in their tax collection work and even allowed people to owe the government taxes. They failed to collect taxes for reasons having to do with personal feelings and relations, which is a very serious matter. Departing from the uniform tax law, the Wuhan Tax Bureau formulated and issued on its own its "120 rules." The tax bureau of the Dinghu district in Zhaoqing Shi, Guangdong province, arbitrarily broadened the definition of ordinary taxpayers for the purpose of collecting the value-added tax [VAT] and issued special VAT receipts for nonexistent merchandise. These were some of the more typical cases. These problems have done serious damage to the uniformity and integrity of the tax code and disrupted the implementation of the new tax system. If left unchecked and allowed to proliferate, not only would they undo the achievements of tax reform, but they would also undermine social stability and economic development. Accordingly, we must take practical and effective steps, consolidate and perfect the new tax system, and preserve the consistency and dignity of the tax code. It is precisely this kind of consideration that prompted us to launch an inspection of the enforcement of the new tax law even as we work to improve the way it is enforced.

[ZHONGGUO SHUIWU BAO] Describe for us the basic situation in the inspection.

[Xiang Huaicheng] The inspection formally began in early February this year and has been under way for almost four months now. The scope of the inspection includes all enforcement behavior by tax agencies. Also covered are local tax rules and regulations formulated by the localities and standardization documents. The inspection has seven emphases, including changes to official tax rates and tax bases, particularly those relating to the VAT and consumption tax; violations of special VAT receipt management regulations; overis-

sue of receipts for nonexistent goods, and the purchase of forged receipts. The principal method of inspection is self-inspection. Branches of the State Administration of Taxation in the provinces, autonomous regions, municipalities directly administered by the central government, and municipalities with provincial-level decision-making authority as well as local tax agencies are required to inspect in depth at least two municipalities or districts directly administered by a province.

Tax agencies everywhere have done a good deal of meticulous work in accordance with the plan developed by the State Administration of Taxation. First of all, they have self-inspected the standardization documents issued by their own locality's tax community. Second, they have submitted reports to the higher authorities on regulations formulated by the locality that were inconsistent with the unified tax code and put forward suggestions for improvement. Third, they have corrected documents formulated by the lower levels that violated the tax policy and reported the results to the higher level. Fourth, they have corrected the actual problems in tax collection and management, such as the application of a wrong tax system, under-collection of taxes, and overissue of receipts.

[ZHONGGUO SHUIWU BAO] What we have in this inspection is self-inspection by the tax agencies. That being the case, how do you ensure its quality and results?

[Xiang Huaicheng] "Don't wash your dirty linen in public," so goes a common saying. It hurts to pull the scab off one's sore. The first thing the latest inspection tackled had to do with understanding and concepts. The position of the leaders of the State Administration of Taxation in this matter is clear. The inspection of the enforcement of the new tax system must be carried out and conduct in violation of the tax code must be corrected. Under no circumstances would the intents and wishes of a locality or department be allowed to supersede the nation's tax code. We must be the protector and defender of the new tax system. The reason we wash dirty linen in public is to get rid of the dirty linen, and to make sure there will be no more dirty linen.

To prevent the inspection from becoming a mere formality, we took pains to step up publicity about the inspection and organize its leadership. We expended a lot of effort on the measures and methods. We demanded that the entire nation's tax community unify its thinking and enhance its understanding. It must summon the courage to examine itself and expose its own weaknesses. Taking advantage of the opportunity presented by the inspection, we have standardized tax collection

behavior and raised its standard. Our earlier studies had identified the more outstanding problems in the implementation of the new tax system, so we decided to concentrate on these problems in our inspection to make it more focused and practical. Even as the inspection was launched, we reported to the whole nation the erroneous ways of Wuhan Shi's Tax Bureau and the Dinghu case and dealt with them strictly, both as a warning to tax agencies everywhere and as a lesson to them. This move was a boost to inspection work on all fronts. During the inspection, the State Administration of Taxation formulated and issued the "Notice on Launching an Inspection of the Enforcement of the New Tax System," convened a telephone conference among tax bureau chiefs nationwide, and despatched three working groups to seven provinces to supervise the inspection. I myself visited the office of the State Administration of Taxation in Beijing's Huadian District as well as a local tax bureau to familiarize myself with the situation.

Although the latest inspection is one of self-policing, it has been quite successful because the leadership made it a priority and took effective measures. It has created an atmosphere, and at the same time laid bare some problems.

[ZHONGGUO SHUTWU BAO] What are the major achievements of the inspection of the enforcement of the new tax law? What is its significance for improving the tax law enforcement climate and accelerating the legal construction in taxation?

[Xiang Huaicheng] The tax law enforcement inspection is now coming to an end. On the whole, tax agencies everywhere have done serious inspection work and the results have been outstanding. Among some of the more serious problems uncovered during the inspection are the following. In issuing special VAT receipts to small-time taxpayers, a number of provincial tax agencies collected the tax at 6 percent but indicated 17 percent on the receipts, which caused the state to lose tax revenue. Some local governments, particularly those at the prefectural and county levels, introduced tax policies as they pleased, cutting or waiving taxes at random. Some tax agencies allowed enterprises to write special VAT receipts on behalf of other taxpayers. Others altered the character of a tax and the level at which revenue went into the treasury without authorization. Yet others approved deferred tax payment wilfully.

The latest inspection not only has uncovered conduct in tax work that violated the law but has also taught the rank-and-file tax cadres a lively lesson in the legal system. In this sense, it has enormous significance for and lasting impact on strengthening tax legal construction. Tax agencies everywhere have identified some

problems during the inspection. An overwhelming majority of these problems have been promptly rectified, while a few are being tackled, which no doubt will help improve the climate for implementing the tax code. In the past, as soon as the term "tax inspection" was mentioned, a number of tax agencies and tax cadres thought of "inspecting the taxpayers and enterprises." This tax law enforcement inspection has made them realize that their own conduct likewise must be subject to inspection and supervision. Tax agencies are the administrative and law enforcement organs of the state and tax cadres the administrative and law enforcement personnel of the state. In tax administration and management, they must operate in accordance with the law and collect taxes in accordance with the tax rates. Under no circumstances are they to act as they think fit or do things their way. The inspection would help create an effective self-supervision and self-restraint mechanism within the tax agencies, warding off possible trouble. In this sense, it has contributed to the goal of educating and protecting the cadres.

[ZHONGGUO SHUTWU BAO] In what ways has the latest inspection fallen short?

[Xiang Huaicheng] This is the first large-scale inspection of law enforcement in the tax field since the PRC was founded. Time was short and the task was arduous, so inevitably there were some weaknesses. One outstanding problem was that certain localities and comrades, especially leading cadres, did not fully appreciate the importance of this project. For instance, some comrades believed that the foremost duty of tax agencies should be to look for revenue and considered the inspection irrelevant and insignificant. Others were worried that the inspection would affect their relations with local governments. Since some policies have been set by the local governments or tacitly approved by local leaders, it was feared that any effort to change them would give offence. The existence of this kind of thinking has interfered with the inspection up to a point. In some localities, therefore, inspection work has been superficial, measures are half-hearted, some problems have yet to be identified, while those already brought to light have not been tackled in earnest.

[ZHONGGUO SHUTWU BAO] What are the tax agencies new plans to deepen law enforcement inspection?

[Xiang Huaicheng] Law enforcement inspection cannot win the war with just one battle. It must be an unremitting effort. Law enforcement inspection will become a regular job for tax agencies in the future. Currently, the legal organs within tax agencies are still underdeveloped and the quality of the personnel is not high enough to meet the demands of work.

In both aspects we still don't have what it takes to accelerate tax legal construction. Accordingly, we must make organizational development and cadre training an important part of the push for law enforcement in the next several years. Legal offices must be set up within tax agencies all the way down to the prefectural or municipal levels. Every provincial-level tax agency must have a legal department. A top priority at the moment is to train a number of professionals who are both well versed in taxation and familiar with the law.

Putting local tax rules and regulations and standardization documents on file for future reference is a basic piece of work in law enforcement inspection. We demand that all localities continue to tackle this job. The State Administration of Taxation last year introduced a system for the filing of standardization documents for future reference as a way of intensifying its day-to-day supervision of the abstract administrative conduct of tax agencies everywhere. So far this task has not been satisfactorily executed and awaits further improvement.

Another task that must be accomplished is writing and perfecting the rules and regulations of inspection. This is essential if law enforcement inspection is to be deepened. As a form of internal supervision within tax agencies, law enforcement inspection itself must have rules to follow. After wrapping up the latest inspection, we must review the experience carefully and standardize its organization, methods, content, and procedures in order to make any law enforcement inspection as effective as possible.

We will convene a national tax law conference in the second half of the year to review and sum up legal work in tax collection this year and make plans for next year. At that point a number of routine measures for law enforcement inspection will also be introduced.

***Beijing Banks Clear Loans Worth 1.7 Billion Yuan**
95CE0540A Beijing JINRONG SHIBAO in Chinese
18 Jul 95 p 1

[Article by Wei Zhaogui (7614 0340 6311): "Government, Banks, Enterprises Closely Coordinate—Beijing Activates 1.76 Billion in Funds"]

[FBIS Translated Text] The Beijing banking sector, based on investigation and analysis of causes of overdue and dead loans, has coordinated with the government and enterprises for the comprehensive use of administrative, economic, and legal methods to clear irregular loans. According to the statistics of four state-run commercial banks, in the first six months, the funds activated amounted to 1.76 billion yuan.

For the Beijing banking sector, clearing irregular loans and activating funds is an urgent current financial task. At the beginning of the new year, the Beijing branch of the People's Bank of China made a report to the municipal government, *Request for Instruction on Activating Funds, Tapping Potential Funds, and Accelerating the Circulation of Funds*. The municipal government promptly approved it and passed it on so that the potential 5 billion yuan tasking could be broken down and implemented by relevant committees, offices, bureaus, and departments in charge of enterprises and their subordinate enterprises. Each of the banks, layer by layer, implemented the directive to clear loans, established target responsibility systems, and activated funds.

Grasp the opportune time of conversion of enterprise systems and joint investment to take care of bank debt. The creditors of the Beijing branches of the Bank of Industry, the Bank of China, and the Development Bank took the initiative to participate in enterprise conversion aimed at adopting relevant countermeasures for assets and liabilities, especially the prompt seizing of the joint venture mechanism to take care of bank debts and reduce loan losses. A certain brewery was in arrears on principal and interest on a loan from the Beijing branch of the Development Bank by several hundred million yuan. At the beginning of the year, the bank seized the opportunity of this brewery's joint venture to urge it, once the joint venture was in operation, to use the foreign investment to pay back 470 million yuan in loan principal and interest, activating the bank's largest risk loan. The Beijing branches of the Bank of Industry and the Bank of China also availed themselves of the opportunity of urging enterprises to first pay back loans after receiving joint enterprise investment funds. In the first quarter, a total of 240 million yuan in loan principal and interest was paid back.

Activate the economic lever to urge enterprises to take the initiative to pay back loans. The Beijing branch of the Bank of Industry made the condition that they would permit enterprises with loans that had been due for a period of time and which they were powerless to pay back, to extend the loan, if the enterprise paid back 10 to 20 percent of the loan. They obtained the agreement of the enterprises and accelerated the progress in clearing the loans, and thereby got back 530 million yuan in loans to support well-performing enterprises, killing two birds with one stone. The bank's Dongcheng subbranch implemented a floating interest rate for a central materials enterprise that used a large amount of funds and had lax management, which encouraged the enterprise to use funds frugally, and to pay back 5 million yuan in loans on its own initiative.

Assist the enterprise in clearing up their finances and clearing away obstructions and dissolving the silt. The Gong Mei Supply Company had accumulated a large stock of goods and the Beijing branch of the Bank of China went down to join the enterprise in studying measures to put things in order. After the stock was reduced, the bank promptly urged that loans be paid back and in one stroke got back 2.33 million yuan in loans, 1.98 million yuan of it risky loans. Also by clearing up and increasing the loan linkage for foreign trade enterprises that use an unreasonable amount of funds, they encouraged animal husbandry product import and export companies that unreasonably used more than 40 million yuan in funds to put forth a great effort to reduce their use of funds. This year 5.13 million yuan in low-quality loans have been paid back.

Use legal means to force enterprises to pay back loans. The Chongwen and Huairou subbranches of the Agricultural Bank brought suit against fifteen enterprises that lacked credit and got back 3.52 million yuan in loan principal and interest that had been in arrears for a long time and, in accordance with law, signed a loan repayment agreement for the loan principal and interest that still had not been paid back. The Fengtai subbranch promptly replaced a guarantor unit that was incapable of guaranteeing and signed a new mortgage agreement. When the new guarantor unit sold off the thing being mortgaged, they smoothly liquidated 1 million yuan in loans that had been in arrears for five years.

Draw off water and raise fish to develop resources to pay back loans. The Sixth Beijing Municipal Chemical Plant, because of a change in exchange rates, was in arrears on loans from the Beijing branch of the Bank of China for the equivalent of approximately 100 million renminbi with no way to pay back the loan. The bank added a loan of US\$2 million to be used in updating technology so that the products of the plant could essentially reach international standards. They have paid back 10 million renminbi of the loan and a good-looking new bonding agent has gone on the market. It is estimated that this year 5 to 8 million yuan of the loan can be paid back and in a few years the entire loan can be paid off.

Banks To Increase Management Performance

95CE0540B Beijing SHOU DU JINGJI XINXI BAO
in Chinese, 2 Jul 95 p 1

[Article by Jin Ming (6855 0682): "Raise Loan Interest Rates, Improve Business Management, Pay Attention to

Results From Fund Use—Banking: Finally Raises the Big Banner of Performance"]

[FBIS Translated Text] On 30 June, the People's Bank of China announced that beginning from 1 July, it would raise the annual interest rate on re-loans, operating fund loans, and fixed asset loans. This is the second time in 1995 that the People's Bank of China has raised loan interest rates.

Even though an authoritative person at the People's Bank stated to reporters at a news conference that this move is to further curb inflation and accomplish predetermined goals for this year's macroeconomic controls, there is another important hidden reason. For a long time, results from fund use have been low and some state-run banks have suffered serious losses.

On 19 June, Vice Premier Zhu Rongji at the National Banking Business Management Work Conference held at Beijing, explicitly proposed to the banks that in the future the focus of their efforts should be shifted to improving business management and improving results from the use of funds. At the same time, Zhu Rongji emphasized that all state-run banks that are presently losing must turn around the losses in a limited period of time. Those with losses for one year will get a "yellow card" warning; those with losses for two years will receive a notice of criticism; and for those with three successive years of losses, the bank president should "relinquish his post in favor of someone better qualified."

This is the first time since the founding of the country that it has been demanded that in business management the banking industry take performance seriously, indicating that China's banking industry is being transformed into real commercial banks.

In recent years with the constant intensification of reform and opening up, China's banking industry also has had rather great development. Besides establishing the central banking system, the establishment of sixteen commercial banks, including the Industrial Commercial Bank of China, the Agricultural Bank of China, the Bank of China, and the People's Development Bank of China, has been approved. Last year three policy banks, the National Development Bank, the Import-Export Bank of China, and the Agricultural Development Bank of China, also were organized. Up to May of this year, the number of foreign-owned and foreign and Chinese joint venture banking organizations established by foreign countries in China had reached 114. It could be said that China has now taken the first steps to form a bank service system led by the Central Bank with state-run commercial banks as the mainstay and state policy

banks and other commercial banks cooperating in the effort.

China's constantly strengthened banking industry has become the main financial channel promoting the development of the national economy and an important lever for state macroeconomic controls. According to statistics, by the end of last year, total assets of the national banking industry had reached 7.375 trillion yuan. The four major state-run commercial banks, the Industrial Bank, the Agricultural Bank, the Bank of China, and the Development Bank, made up 86.40 percent of this and had assets totally 6.372 trillion yuan. The bank loan balance reached 3.292 trillion yuan, 5.57 times 1985 for an average annual increase of 21 percent.

But while taking note of the success achieved by China's banking industry, we also cannot overlook that China's banking industry is facing a serious situation in business management, prominently displayed by:

First, a rather high share of bad loans. According to People's Bank of China Vice President Chen Yuan's briefing to a press conference for Chinese and foreign reporters the other day, bad assets currently make up approximately 20 percent of the total loan balance of China's banking industry. It is especially worthy of note that in the last two years the share has risen.

Second, circulation of funds has slowed down and results from the use of credit funds have declined. According to statistics from the four state-run commercial banks, the Industrial Bank, the Agricultural Bank, the Bank of China, and the Development Bank, since 1991 the annual circulation of loans of these banks has slowed from year to year. In 1994 the single turnover of credit funds of these four banks had slowed by 46 days from 1991.

Third, banking industry business performance has declined. Losses have occurred to a different degree in the branch organizations of some banks.

Fourth, banks have inadequate self-development capability. Because banking industry performance is low, it is difficult to replenish capital and loan balances are constantly increasing. This causes the banks to have an inadequate rate of capital and increases the bank's own business risk.

Objectively speaking, there are problems in the business management of China's current banking industry and to a very great extent it reflects the contradictions of the mutual friction and clashes in the banking industry from the coexistence of the two systems as China transitions from the planned economic system to the market economic system. Because for a long time fixed-asset investment and consumer funds have grown too rapidly,

the overall performance of the national economy is rather low and business autonomy of the banks has not been truly implemented. On the contrary, banks are forced to increase inefficient or low-efficiency loans leading to short-term funds' being used as long-term funds and credit funds being used as financing. At the same time, in the last few years, some enterprises have arbitrarily escaped debt in the process of "converting systems," causing a further increase in bad bank loans.

We should especially point out that in the last two years interest rates have been adjusted several times in succession. Because greater consideration is given to enterprise burdens, the differential between bank savings and loan interest is getting ever smaller, and this is an important source of profit for banks. According to statistics, at the end of 1994, the savings and loans interest differential of several large Chinese banks was 2.28 percentage points, a 71.3 percent decline from 1990, and the long-term savings deposit guaranteed value subsidy begun last year adds yet another disaster for the banking business. In the nine months from last April when the guaranteed value subsidy was restored to the end of the year alone, the national financial system paid 6 billion yuan in subsidiary interest, and it is forecast that this year it will reach 20 billion yuan.

Certainly there are problems with the banks themselves creating the current low business management standards of China's banking industry, the most important of these is that the banking system and business management are not suited to what is demanded for the development of the socialist market economy. They only pay attention to extensive operations and concentrate on expanding the scale of assets while overlooking internal management, as well as only concentrating on activating expanded authority and multiple service functions instead of overlooking subdivision management. Also the credit fund supply system formed under the planned economic system has not been changed in a timely manner. The rapidly expanding contingent of banking cadres and staff lack the necessary training and education and their qualifications are not high.

People in financial circles believe that this time China's banking industry is finally raising the big banner of performance and they emphasize that we should improve the business management of the banking industry. This is primarily a requirement for the development of the banks themselves, because with the development of the market economy, competition among enterprises and among banks will expand. If a bank does not improve its business management, it cannot win the trust of its customers and will not be capable of self-development. It will be in a disadvantageous position in domestic and foreign financial market competition and

even be in danger of bankruptcy or annexation. In addition, while improvement of business management is required to support the sustained, rapid, sound development of the national economy, to enhance macroeconomic controls, and to promote the maintenance and increase of value of state assets, it also is required for the opening of China's financial industry to the outside. Experts believe that with China's "restoration to the GATT" drawing closer every day, that after "restoration to GATT," China's banks could face even greater competitive pressures, the monopolistic banking system could be impacted, and the business risks of banks could be further increased. Faced with these challenges, business management standards of China's banking industry must be rapidly and markedly improved, and low quality and low efficiency services must be thoroughly reformed. Only in this way will China's banking industry have some space for survival.

It is reported that the other day all five of China's major commercial banks proposed striving for the goal of having the commercial banks that they run reach advanced international business management standards by the end of this century. So, all the banks have correspondingly formulated a series of policy measures and they are confident that the banking industry will accomplish this goal that it is striving for very quickly.

***State Administration of Taxation Spokesman Interviewed**

95CE0584A Beijing JINGJI RIBAO in Chinese
28 Jul 95 p 5

[Article by JINGJI RIBAO reporter Qian Fengyuan (6929 7364 0337): "Tax Revenue Grows Steadily—Spokesman Hao Zhaocheng of State Administration of Taxation Interviewed"]

[FBIS Translated Text] The new taxation system in China has been put into effect for nearly 600 days. How did this new system fare in the past year and half? Our reporter visited the State Administration of Taxation not long ago.

"Our experience in the past year and half shows that the new taxation system is operating normally and smoothly and that it has achieved its goal as expected. The role of taxes in collecting revenues for the state and exercising macroeconomic control has been clearly demonstrated in the course of developing the national economy. It can be said that we have achieved something which we planned to do but failed to accomplish for many years."

Coming straight to the point, news spokesman Hao Zhaocheng of the State Administration of Taxation had summarized the general situation. He went to say that during the first six months of this year, the

revenue from industrial and commercial taxes rose 29.1 percent, representing an increase of 55.2 billion yuan as compared with the same period in 1994. During this period, the state had fulfilled 47.9 percent of its annual plan in collecting industrial and commercial taxes. Tax revenues of all types and at all levels are growing steadily, and the situation is good in collecting taxes across the country. The state registered a tax growth rate of 26.4 percent at the central level and a rate of 32.7 percent at the local level.

Compared with the same period last year, China registered revenue increases for all the 17 tax categories which were being appraised during the first half of this year. The grand total of the revenue from the value-added tax and the consumption tax came to 142.5 billion yuan, a growth of 27.9 percent over last year. The state had fulfilled about 45 percent of the annual target in this connection. The total revenue from the business tax was 40.5 billion yuan, an increase of 26.4 percent over last year. The revenue from the three types of the turnover tax amounted to 183 billion yuan, a growth of 27.6 percent or 39.6 billion yuan over last year. It accounted for 71.7 percent of the total amount of the industrial and commercial tax and fully demonstrated the significant role of this main tax category. The revenue from the individual income tax during the first half of this year came to 5.51 billion yuan, an increase of 83.8 percent over last year. The state also witnessed revenue increases on a relatively large scale from the resource tax, the regulatory tax on investment in fixed assets, the income tax paid by collective enterprises and other local taxes as compared with the same period last year.

Heilongjiang, Anhui, Tibet, Henan, Shenzhen and Ningbo registered revenue increases of more than 40 percent, while Inner Mongolia, Shanghai, Harbin and Dalian witnessed revenue increases of less than 20 percent from their industrial and commercial taxes during the first half of this year. Hainan was the only province which saw a 3.5 percent decline in collecting its industrial and commercial taxes during that period.

Hao Zhaocheng believes that the large-scale tax revenue increases in 1994 and during the first half of 1995 has proved the tax system reform a success. It shows that the tax burden has become more fair and the structure of the tax system even more reasonable. All this has helped to promote fair competition, to eliminate the practice of granting tax reductions and exemptions without authorization, and to form a nation-wide unified market. It guarantees the steady growth of the tax revenue, and greatly stimulates both the enthusiasm of central and local authorities. It strengthens the macroeconomic control, helps implement the industrial policy, and increases the effective supply of the society. It helps improve and

standardize the distribution relations between the state and the enterprises, invigorates the large and medium-sized state-owned enterprises and supports agricultural development. It links China's economy to the international market, promotes the reform and open policy, and completely meets the objective requirement in developing the socialist market economy.

This year, the tax authorities have carried out their work with their focal point on the "single central task" (of vigorously collecting taxes) and the "two shifts" (shifting their main target for taxation to tax levying and tax management and to grass-roots units.) Hao Zhaocheng pointed out that in carrying out tax reform this year, the tax authorities will attach great importance to the work of helping taxpayers file tax returns, facilitating the setup of tax service agencies and checking tax records while separating tax levying from the work of tax management and tax auditing. Meanwhile, they will quicken their pace in using computers in tax collection and tax management. Their aim is to set up, by the end of this century, a modern tax collection and management system that meets the requirements in developing the socialist market economy—a system whereby tax levying, tax management and tax auditing restrain one another and in which tax payers who file tax returns, those who run tax service agencies and tax bureau auditors coordinate with and supervise each other.

Hao Zhaocheng did not deny that there exist some problems in implementing the new tax system; and that the practice of granting tax reductions and exemptions without authorization and crimes in using special value-added tax invoices to carry out illicit activities remain. Acting in their own interests, some localities have adopted questionable practices which prevent the new tax system from being fully implemented and which cause some losses to the state tax revenue. To insure the smooth implementation of the new tax system, the tax authorities have enforced tax laws, carried out check-ups on how the new system is being implemented, and adopted corrective measures against various types of illicit activities across the country during the first half of this year.

***Impact of Foreign Investment on Monetary Policy**
95CE0585 Beijing GUOJI MAOYI [INTERTRADE]
in Chinese 20 Jul 95 No 7, pp 35-37

[Article by Guan Tao (4619 3447) of the Policy and Regulations Department under the State Administration of Exchange Control: "Impact of Direct Foreign Investment on China's Monetary Policy"]

[FBIS Translated Text] In 1980, the first Sino-foreign joint venture was established in China. Since then up to

the end of 1994, as many as 221,718 foreign investment projects had been approved around the country. The actual amount of foreign capital utilized in those years totaled \$100.07 billion.

With the development of China's all-round opening program, direct foreign investment has shown a tendency to extend from coastal areas to inland regions. At the same time, the fields of investment have changed from ordinary processing industries and export-oriented manufacturing to infrastructure. Also, there has been a gradual increase in the proportion of investment in tertiary industries, such as real estate, banking, and insurance.

Meanwhile, the average scale of direct foreign investment has kept expanding. In 1994, the average negotiated amount of foreign investment in setting up an enterprise in China rose to \$1.71 million, up 28.6 percent from the preceding year. That year also witnessed a number of investment projects in China's infrastructure and new and high-tech industries made by world-renowned multinational companies and consortiums.

As for foreign funded enterprises' role in our national economy, records for 1994 showed that their gross industrial output and the loans they borrowed from abroad both accounted for about 10 percent of our country's total industrial production and total foreign debts. Of our total investment in fixed assets, 16 percent came from foreign funded enterprises. Foreign trade conducted by these enterprises made up 37 percent of the nation's total and provided 8 percent of our government's tax revenue.

Because of this, direct foreign investment has a significant bearing on the implementation of our policies and measures—for example, the implementation of the monetary policy.

Effects

China is relying mainly on direct measures to regulate its currency supply, including the policies of fixed interest rates and the controlled maximum amounts of loans. The purpose is to stabilize the currency value while promoting the growth of the economy. In mid 1993, the state set the macro-control targets of decelerating the development of the economy, reining in the expanding investment and demands, reducing the currency supply and the scale of credit, and curbing inflation. Since then, stabilizing the value of renminbi has been a primary goal of the monetary policy. Accordingly, in evaluating the impact of direct foreign investment on China's monetary policy, we should, in the main, look into its effects on the stability of our currency value.

Direct foreign investment increases the supply of foreign exchange in our country, thus assisting in the stabilization of the renminbi exchange rate. In recent years, foreign funded enterprises in China have been selling off their foreign exchange. For the five years from 1988 to 1992, the amounts of foreign exchange they sold off were \$410 million, \$1.14 billion, \$1.00 billion, \$1.65 billion, and \$2.42 billion respectively. Especially in 1993 when our foreign exchange income and expenditure were in a deteriorating situation, foreign funded enterprises did not impact our foreign exchange market; on the contrary, they increased our supply of foreign exchange. That year, they supplied us with \$6.06 billion in foreign exchange. Since the new foreign exchange system was put into full swing in 1994, these enterprises still have scored a surplus of foreign exchange through their operations. This has enabled them to supply more foreign exchange to our country than they have taken from us. The reasons: 1) Now is a period for the inflow of capital from foreign businesses making direct investment in our country. Since the beginning of the 1990's, the actual amount of capital flowing into our country due to direct foreign investment has risen quickly. The actual amount for 1994 hit \$33.8 billion, an increase of 33.4 percent compared with the preceding year. 2) Since 1992, foreign investment has resulted in a net inflow of capital even after the deduction of foreign exchange used by the investors in buying capital equipment. Foreign trade conducted by foreign funded enterprises has also created a favorable balance of payments. 3) Foreign funded enterprises can borrow loans directly from abroad. As of the end of 1993, the net amount of their overseas loans was \$8.05 billion, accounting for 9.6 percent of our country's total foreign debts. To be used domestically, these foreign currency loans are converted into renminbi, thus increasing the nation's supply of foreign exchange. 4) The continuous expansion of imports and exports conducted by these enterprises has boosted China's competitiveness in the international market. In 1994, the combined total of their imports and exports exceeded the preceding year by 30.7 percent, higher than the nation's average foreign trade growth rate of 20.9 percent. Its proportion in the nation's total foreign trade volume also rose from the preceding year's 34.7 percent to 37 percent. 5) Since mid-1993, China has been implementing a tight monetary policy which has caused a shortage of renminbi funds for foreign funded enterprises. This, plus the attraction by the high interest rates on renminbi, has prompted these enterprises to more aggressively sell off the foreign exchange in their possession for renminbi, thus increasing the foreign exchange supply on the market. The combined effect of the above is that supply and demand on the foreign

exchange swap market have been in a fine situation, and the exchange rate has remained sturdy.

Direct foreign investment improves domestic production and supply and helps stabilize the renminbi value within the country. As direct foreign investment brings advanced production equipment and technology into our country, it can accelerate our industrial restructuring, expedite our product upgrading and updating, and satisfy our consumer demand. Last year witnessed a relatively big rise in the prices for means of livelihood, but the prices for household electric appliances were generally stable—even though there was some drop in the prices for certain appliances. This was because over the past few years a number of new production lines for household electric appliances had been introduced from abroad into our country, resulting in an ample supply of these items on the domestic market. In addition, direct foreign investment has now been oriented toward energy, transportation, telecommunications, and other basic industries. Although this does not increase the supply of tangible consumer goods, it does have the effect of easing the restrictions caused by the "bottleneck" of backward infrastructure. Farm produce in previously closed remote mountainous areas can now be shipped out through a convenient transportation network, increasing the supply of domestic commodities. All this has helped stabilize commodity prices in our country and reduce the pressure for the depreciation of renminbi's domestic value.

New Problems

Nonetheless, direct foreign investment has posed new problems in the implementation of our monetary policy.

One is that direct foreign investment has added to our difficulty in implementing the credit-control policy. First of all, direct foreign investment needs some renminbi as a supplement. This is especially the case if the investment is in infrastructure and basic industries. For these projects, most expenditures are incurred locally; hence, there is a greater need for renminbi funding. This state of affairs is more often than not out of line with our present credit policy and imposes a pressure to break through the policy-permitted credit limit. Also, it may change the targets of our loans or cause short-term loans to be used for protracted periods or working-fund loans to be used for investment in fixed assets. All these have a negative effect on the implementation of our state's credit policy. Secondly, our control over loans as a direct, major measure to regulate the currency supply is faced with a challenge. This is because foreign funded enterprises can sell their foreign exchange for renminbi through foreign exchange swap centers. Some of them have, therefore, borrowed foreign exchange

loans from abroad and converted them into renminbi as a way to dodge our control over renminbi loans. This has increased the basic currency put into circulation by the central bank, thus adversely affecting the state's macrofinancial regulation and control.

The second problem is that direct foreign investment has impacted our fixed interest rate policy. Currently, interest rates on renminbi deposits and loans are set, promulgated, and adjusted by the central bank. So far, they are still unable to perfectly reflect the supply and demand of funds on the market. With the present high inflation, renminbi actually has a negative interest rate, while enterprises have a thirst for funds. However, the nominal interest rate on renminbi is still higher than the interest rate on foreign exchange. When selling their foreign exchange for renminbi to speed up the turnover of funds, foreign funded enterprises can profit from the difference in interest rates between domestic and foreign currencies. Also, they can profit by driving up the renminbi exchange rate. With regard to these activities, the central bank can only act passively to interfere in the foreign exchange market.

The third problem is that direct foreign investment has adversely affected the implementation of the central bank's exchange rate policy. Due to the policy allowing foreign funded enterprises to retain their foreign exchange accounts, foreign exchange earned by these enterprises have become "a tiger in the cage," which they can set free at will. Under the present circumstances where foreign exchange supply exceeds demand and the exchange rate is rising, foreign funded enterprises are not compelled to sell off their foreign exchange, but are faced with losses due to the differences in exchange rates and interest rates. Accordingly, they are aggressively selling off their foreign exchange for renminbi at foreign exchange swap centers. This has forced the central bank to put out more basic currency to meet the need of foreign exchange conversion, increasing the pressure for inflation. On the other hand, once foreign exchange supply falls short of demand, these enterprises may be reluctant in selling their foreign exchange, and the result will be an aggravated imbalance between the supply and demand of foreign exchange.

Solutions

In view of the above, it is of utmost urgency to make positive efforts to guide direct foreign investment so that we may exploit its advantages and eliminate its harmful effects.

1. Devote more attention to coordinating our foreign investment and monetary policies. In formulating the foreign investment policy, our country should take into consideration the requirements of its monetary

policy in the current situation. For example, we are soliciting more foreign investment in basic industrial projects, an area which we must strengthen as quickly as possible. However, as most expenditures for building such projects are to be paid locally, there is a need for renminbi funds. If we do not put these projects under a foreign investment plan compatible with our monetary policy, we will meet with two problems: First, due to our tight credit funds, the renminbi requirement for these projects cannot be met, thus affecting the progress of project construction. Second, when foreign investors sell their foreign exchange for renminbi, the basic currency put into circulation because of the conversion of foreign exchange is bound to increase. Besides, once renminbi becomes a generally convertible currency under specific conditions, domestic and foreign funds will be interchangeable through the bank's buying and selling of foreign exchange. As can be seen, direct foreign investment will not only be a foreign exchange question, but also an issue concerning the supply of currency.

2. Control the growth of foreign debts borrowed by foreign funded enterprises. Since debts borrowed by foreign funded enterprises from abroad are not included in the state's debt management plan, they need not be approved in advance by the authorities as in the case of domestic enterprises. So foreign funded enterprises may borrow such debts first and then report them to the State Administration of Exchange Control. Because of this, they are enthusiastic about borrowing money from abroad. Seeing this difference in treatment, some Chinese enterprises dodge the authorities' foreign debt control by borrowing loans from abroad in the name of foreign funded enterprises. Besides, due to the tight monetary policy of our country, foreign funded enterprises are short of renminbi to meet their needs and, therefore, are borrowing foreign exchange loans from abroad and converting them into renminbi. In recent years, the increase in such loans incurred by foreign funded enterprises has far exceeded the average growth of the nation's foreign debts, and their proportion in the nation's total amount of foreign debts has risen each year. This has greatly added to the nation's foreign debt burden. Because of this, we must exercise some control over such loans. In the first place, we should include the foreign loans borrowed by foreign funded enterprises with the Chinese side as the guarantor in the nation's foreign debt management plan. This will, on the one hand, prevent foreign funded enterprises from shifting their debt risks onto the Chinese side, which acts as their loan guarantor. On the other hand, this will effectively control the growth of some foreign debts created by these enterprises. Secondly, we should have a strict rule prohibiting the conversion of foreign exchange loans

into renminbi. All foreign exchange loans should be handled in strict accordance with the principle that "loans borrowed in foreign exchange should be used as foreign exchange and repaid in foreign exchange." Converting such loans into renminbi is obviously taking advantage of a loophole in our country's policy—a move affecting our country's credit management plan. For this reason, we should prohibit foreign funded enterprises from converting their foreign exchange loans into the local currency as in the case of Chinese enterprises so as to plug the loophole whereby they can borrow money from abroad to solve their shortage of renminbi funds at home. What is more, though from a short-term viewpoint these foreign exchange loans can increase our supply of foreign exchange, in the long run they will need a certain amount of foreign exchange for interest and principal payments, thereby increasing the pressure on the nation's foreign exchange supply in the future.

3. Use the monetary policy to influence direct foreign investment. The cycle of the expansion and shrinkage of direct foreign investment is basically in step with the cycle of China's loosening and tightening of its monetary policy. A tight monetary policy causes a short supply of renminbi within the country, which reduces the need for investment. On the other hand, a loose monetary policy means a relatively abundant supply of funds and, accordingly, a greater need for investment. For example, in 1989 we began an all-round economic improvement and rectification drive and put into practice an austerity policy. The amount of currency put into circulation that year was 47 billion yuan less than the preceding year, while investment made in fixed assets declined 11 percent. Projects of direct foreign investment approved in 1989 was down 2.8 percent from the preceding year, and the negotiated and actual amount of such investment only increased 5.7 percent and 6.2 percent respectively. In 1992, we ended the three-year drive of economic improvement and rectification and launched an upsurge in deepening the reform and opening ourselves wider to the outside world. That very year the currency put into circulation and the amount of fixed asset investment rose 36.5 percent and 37.6 percent, respectively, compared with the previous year, both higher than the 12.8 percent GNP growth rate. As for direct foreign investment, the three indicators, i.e., the number of projects approved, the negotiated amount, and the actual amount invested, all surpassed the totals for the 12 preceding years. Then, in 1994, because the state intensified its macroeconomic regulation and control, the development of direct foreign investment was once again affected—only the actual amount of such investment increased to some extent, while the other two investment indicators both came

down. As can be seen, the monetary policy has a dynamic effect on direct foreign investment.

4. Use the monetary policy to regulate foreign funded enterprises' supply and demand of foreign exchange. A tight monetary policy can curb foreign funded enterprises' need for foreign exchange and increase their cost for holding foreign exchange. As a result, they will aggressively sell off their foreign exchange for renminbi. In 1994, we continued to strengthen our macrofinancial regulation and control. That year foreign funded enterprises had more foreign exchange income than they needed, and had to sell off their surplus. This experience will be of referential value to us in reforming our foreign exchange system in the future toward allowing the free buying and selling of foreign exchange and using economic measures to regulate the supply and demand of foreign exchange.

5. Improve the central bank's macroregulatory and control measures as soon as possible. Facts have proved that direct measures to regulate the supply of currency, such as fixed interest rates and loan ceilings, have their limitations. With the development of direct foreign investment and the further opening of our national economy, these measures can no longer serve their purpose. Last year our country's foreign exchange reserve showed a fairly big increase, thanks to the fine situation of supply and demand of foreign exchange. However, the amount of basic currency that the central bank put into circulation last year also soared to a great extent. Our monetary policy, which relies on direct regulatory and control measures, is rather rigid. On the one hand, there is no way to cut the scale of credit set in the state plan. On the other hand, the renminbi put out due to the conversion of foreign exchange is circulating as extra money outside the state plan, thus increasing the pressure for expanding the credit scale with a certain effect on inflation. In view of this, accelerating the reform of the financial system and building an improved system for the central bank to exercise macroregulation and control are a must if China is to open itself wider to the outside world. Measures to be taken in this respect include strengthening our central bank's independent and authoritative status, accelerating the process of subjecting the interest rates on renminbi deposits and loans to the market force, and creating conditions for introducing into our country discount, open financial marketing, deposit reserve, and other instruments generally used by central banks of foreign countries in exercising indirect monetary control. All these measures will boost our central bank's ability to regulate and control the supply of currency.

Over the past few years, the state has adopted some special policies to encourage foreign businesses to invest

in our infrastructure. Under the circumstance of insufficient capital at home, aggressively soliciting investment from abroad, including direct foreign investment, is an important way to solve the problem. Basically, however, most investment projects in infrastructure do not require foreign exchange. For such projects, most expenditures are incurred within our country and have to be paid in renminbi. Here the reality is: Since we ourselves have insufficient capital, direct foreign investment is introduced from abroad. A large part of the foreign exchange investment and foreign loans have to be converted into renminbi to meet the needs of disbursements within our country. This forces the central bank to increase the amount of currency put into circulation, thus affecting the implementation of its monetary policy. In reality, this is a process of trading foreign exchange for renminbi. Moreover, materials used for infrastructure projects are by and large made from domestic resources. Accordingly, if we go all out for infrastructure construction and stimulate the expansion of investment in this field, we are intensifying the imbalance between the supply and demand of these materials. Another problem is that this kind of investment in most cases does not produce foreign exchange. Foreign investors will have to buy foreign exchange to remit their profits out of our country or to pay off their foreign currency debts, including principals and interest. This will give us a hidden problem in balancing the foreign exchange supply and demand in the days to come.

From the short-term perspective, when foreign exchange investment in infrastructure is converted into renminbi, it will force us to increase our currency supply, making it more difficult to curb inflation. In the long run, however, it will remove the "bottleneck" [problem of backward infrastructure], thereby raising our productive efficiency and assisting in lowering the price level at home. It will also help boost our international competitiveness and enhance our export-oriented enterprises' ability to earn foreign exchange. From this viewpoint, it is still quite necessary to solicit direct foreign investment in our infrastructure. In no way should we refrain from eating for fear of choking as the saying goes.

What we should do is to put foreign investment in infrastructure under a foreign investment plan compatible with our monetary plan and strictly prohibit any project outside this plan. In particular, we should guard against those investment projects that demand a fixed rate of return—such project are "sham investment but real financing" projects. In essence, they are projects of borrowing money from abroad to build construction works in our country. The borrowed money, in the guise of investment, escapes the control that our country is enforcing over foreign debts. What is more, such invest-

ment projects generally have an abnormal rate of return, which is higher than the interest rate on international commercial loans. This means that the Chinese side involved in the projects has to pay a higher financing cost. In view of these problems, we should uphold the idea of coordinating all activities across the country like "a well-organized chess game" and act in a planned and methodical way to solicit foreign investment in developing our infrastructure. In addition, we should do our best to explore feasible and low cost ways to finance this kind of investment.

Foreign Trade & Investment

Rong Yiren Meets U.S. Industrialists

OW1909071595 Beijing XINHUA in English
0649 GMT 19 Sep 95

[FBIS Transcribed Text] Beijing, September 19 (XINHUA) — Chinese Vice-President Rong Yiren met with William Lichtenberger, Chairman and Chief Executive Officer of US Praxair Inco, and E.G. Hotard, President of Praxair.

Rong hoped that Praxair would more actively involve itself in China's economic development and establish more joint ventures in China.

Praxair is one of the three major industrial gas producers in the United States. So far it has set up two joint ventures in China. Within the coming few years, the incorporation is projecting to invest additional several hundred million US dollars in China.

World Bank Loans Help Gansu To Eliminate Poverty

OW1909084995 Beijing XINHUA in English
0807 GMT 19 Sep 95

[FBIS Transcribed Text] Lanzhou, September 19 (XINHUA) — Since 1985, northwest China's impoverished Gansu Province has signed a total of 13 loan agreements with the World Bank according to provincial officials.

Amounting to 250 million US dollars, the loans have helped pay for water and soil conservation projects, and those for education, hygiene, and rural and township enterprises.

The largest, an irrigation project involving 126 million US dollars in loans, will eventually provide irrigation for an additional 57,000 ha [hectares] of farmland and help feed more than 300,000 farmers. Bank president James Wolfensohn said during a recent visit to Gansu that the World Bank treasures its successful cooperation with Gansu and is considering further steps for cooperation.

Sources here say that the province's Shulehe River Agricultural Development Project, which is expected to cost 2.5 billion yuan, using 150 million US dollars from the World Bank, has had the bank's initial appraisal.

The sources noted that the project is designed as a strategic poverty reduction measure for Gansu, and added that another three loan projects are being negotiated.

Australian Company Bids for New Projects

*OW1909103295 Beijing XINHUA in English
0713 GMT 19 Sep 95*

[FBIS Transcribed Text] Shanghai, September 19 (XINHUA) — The AWA Company of Australia, a large maker of electronics control systems, exports 40 percent of its electronics telecommunications products to China, said Lon Gofbee, general manager of the company's Chinese division.

He said that the company will secure a number of new projects in the next three months if the results of several biddings are in its favor.

After obtaining the first phase project to upgrade the road control systems in Tianjin, a leading industrial city in north China, AWA now aims to undertake its second phase.

Gofbee added that the company has entered into a long-term agreement to provide advanced communications control systems for Wuxi and Nanjing, two important cities in east China's Jiangsu Province.

AWA is a provider of advanced communications control systems for Tianjin, Shanghai, Shenyang and Guangdong, said Gofbee, adding that AWA is much likely to get the Jinan-Qingdao road control administration project.

AWA has launched a piloting system project in collaboration with the Tianjin Broadcasting Electronics Corporation. The joint venture has provided the piloting systems for 112 Chinese airports. It aims to sell another 100 sets of such systems to China in the next five years.

Shaanxi Builds Own Silicon Valley

*OW1809135395 Beijing XINHUA in English
0954 GMT 18 Sep 95*

[FBIS Transcribed Text] Xian, September 18 (XINHUA) — Northwest China's Shaanxi Province is building its own version of silicon valley in an area running from this provincial capital to the city of Baoji.

The area is a part of the Euro-Asian continental bridge and is known for its rich energy resources and infrastructure facilities.

There are 389 research institutes and institutes of higher learning at present, along with nearly 300 large and medium-sized enterprises and 610,000 specialized researchers in the area.

By 1992, the provincial government decided to build a hi-tech industrial development belt here with the Xian Hi-tech Industrial Development Zone as its leading one.

The province is the entrance to the western part of China, and its development is of great significance to the whole economic development of western China, and on the basis of this, the "silicon valley" has begun to take a certain form.

By the end of June this year, in six development zones on the belt, there were 2,528 enterprises, including 510 hi-tech ones and 286 overseas-funded ones. Last year, the six development zones finished with a total turnover of up to 3.79 billion yuan. There were 34 enterprises with annual production value of over 10 million yuan and five with more than 100 million yuan.

Overseas-Funded Firms Set Up Branches in Jinan

*OW1909103795 Beijing XINHUA in English
0735 GMT 19 Sep 95*

[FBIS Transcribed Text] Jinan, September 19 (XINHUA) — The affiliates of overseas-invested enterprises based here in the capital of Shandong Province are doing fine, according to a recent survey.

An increasing number of overseas-funded enterprises have set up branches in Jinan, with 73 more registering here in 1994, most from other parts of China.

Of 133 branches surveyed recently, 83 were from 15 other provinces, municipalities, and autonomous regions.

The survey showed that 65 of the affiliates were involved in sales in 1994, with total sales exceeding 130 million yuan (15.66 million US dollars). Among them, the sales agency of Guangdong Taiyangshen (Apollo) Co. Ltd. and the Shenyang Feilong (Flying Dragon) Health Products Co. Ltd. each exceeded 10 million yuan in sales.

The affiliates have become a major source of local taxes, the survey showed. The Jinan Branch of the Shenzhen China Bicycle Co. Ltd, for example, paid 500,000 yuan in taxes to the city in 1994.

Jiangsu Offers 600 Projects for Overseas Investment

OW1909043995 Beijing XINHUA in English
1248 GMT 18 Sep 95

[FBIS Transcribed Text] Nanjing, September 18 (XINHUA) — East China's Jiangsu Province is offering some 600 key projects for overseas investment at the '95 Jiangsu Foreign Economic and Trade Fair, which started on September 15.

During the five-day Fair, on display in this economically prosperous province are some 20,000 different export commodities in 10 major categories, with some 1,000 business people from 26 countries and regions, including Brazil, Japan, Britain, France, Singapore, Hong Kong, and Taiwan participating.

Wang Rongbing, vice-governor of the province, says that Jiangsu has established trade relations with more than 160 countries and regions in the world, and adds that foreign trade and the pace of overseas investment and external economic and technical cooperation have a strong and healthy development this year.

Statistics show that the total import and export volume so far this year stood at 9.56 billion U.S. dollars, up 49.69 percent from the corresponding period of last year.

The province approved 1,996 overseas-funded joint ventures, with pledged overseas investment of 2.53 billion dollars, up 14.9 percent from the same 1994 period.

To date, the province has approved 27,322 overseas-funded enterprises, with pledged overseas investment of 11.7 billion dollars, making it second in China.

Insurance Accounting Training Center To Be Established

OW1909105595 Beijing XINHUA in English
0723 GMT 19 Sep 95

[FBIS Transcribed Text] Beijing, September 19 (XINHUA) — China will inaugurate its first insurance accounting training center on September 25 in Chengdu, capital of southwest China's Sichuan Province.

The first group of 25 students will study toward a master's degree in insurance at the center, which is located in the Southwest China University of Finance and Economics, with more students expected for special training in the coming years.

The General Accident Insurance Co. Inc, a major British underwriter, provided 500,000 US dollars for the center to buy teaching materials and equipment, said an official with the Beijing office of the British company.

A General Accident expert will stay at the center to train students in insurance and language, and the company has planned to send some students to Britain.

"The General Accident is willing to provide comprehensive service to fuel China's economic growth," said Lord Airlie, chairman of the board of directors.

Airlie said that his company hopes to be licensed to do business on a broader scale to secure a foothold in the huge insurance market in China.

The second largest insurer in Britain, General Accident's revenues comes mainly from property insurance, but its life insurance business has also grown dramatically over recent years. It established an office in Beijing in October 1994.

Agriculture

Heilongjiang Secretary Views Agricultural Growth
SK1909095495 Harbin HEILONGJIANG RIBAO
in Chinese 16 Aug pp 1, 2

[By reporter Xu Feng (1776 1496): "Yue Qifeng Inspects the Sanjiang Plain"]

[FBIS Translated Text] From 10 to 15 August, while making an inspection tour of the Sanjiang plain, Yue Qifeng, secretary of the provincial party committee, expressed a series of important opinions on accelerating agricultural development, rationalizing the state farm system, and deepening enterprise reform.

Entering the season of harvesting, Sanjiang Plain presents a vast panorama of bumper wheat and rice. Yue Qifeng and his entourage went to Jiamusi, Tongjiang, Fuyuan, Fujin, Suibin, Huachuan, and Youyi cities and counties as well as a dozen of farms, including Qinglongshan, Suibin, Erdaohe, and Youyi farms, to inspect the work. Yue Qifeng pointed out: Thanks to the arduous pioneering work of the people of several generations in scores of years, the Sanjiang plain has reaped rich fruits and made tremendous contributions to the state. The pioneers in the past created not only tremendous material wealth but also valuable spiritual wealth such as the spirit of the Great Northern Wilderness, which will surely be passed on from generation to generation. He said: the Sanjiang plain contains vast potentials in development, particularly in exploiting 10 million mu of arable barren plains, in implementing the policy of growing paddy rice to control waterlogging, and in readjusting the crop structure. The spreading of the advanced agricultural technology has manifested an extremely vast prospects for development. By the end of this century, the general bureau of state farms and Jiamusi city alone will increase grain output by 5

billion kg or more. So, there is no need to worry about being unable to attain the target of increasing grain output by 7.5 billion kg. The development reality and tremendous potential of the Sanjiang plain have proven that the decisions made by the fourth plenary session of the seventh provincial party committee are identical to the reality. This has enhanced our confidence in building Heilongjiang into an agricultural competitive province.

Yue Qifeng stressed: To fulfill the target of building Heilongjiang into an agricultural competitive province and to promote the rapid growth of agriculture and rural economy, it is necessary to persist in the principles of jointly developing agriculture in cooperation with outside places and increasing the dynamics of reform to accelerate the tempo of development. At present, while continuously engaging in primary development of agriculture, with the expansion of cultivated land as the mainstay, we should emphatically engage in secondary development and deep development of agriculture, with the fine and deep processing as the mainstay, with a view to building Heilongjiang into an important national grain and livestock products production base as well as an important national foodstuff, feed, and forest products industrial base. Yue Qifeng said: In the past, each of the two times Heilongjiang increased its grain output by 5 billion kg, it took 17 years. However, since the reform and opening up, Heilongjiang has spent only seven years and four years, respectively, to effect an increase of 5 billion kg. Why does the increase rate become increasingly fast? The reasons are: 1) the rural reform has created a fine economic environment for agricultural development; 2) the CPC Central Committee and the State Council have adopted a series of supportive policies for major grain production areas; 3) the infrastructure of agriculture has improved greatly; 4) a number of typical experiences in comprehensive agricultural development have been summarized and popularized; 5) the province enjoys the exceptional advantages of large machines; 6) big progress has been made in agriculture-oriented science and technology, a number of new varieties have been cultivated and popularized, and a number of new techniques have been applied; 7) the social demands on agricultural and sideline products have increased rapidly, thus providing vast markets for such products; and 8) the production enthusiasm of numerous peasants and farm workers has been rising day by day. He said: So long as we take full advantage of these conditions, seize the current favorable opportunity, and strengthen leadership and guidance, it is completely possible to accelerate the development of the Sanjiang plain.

Yue Qifeng said: In conducting primary development and secondary development of agriculture, we should

adopt preferential policies and encourage diverse fields to participate in development. On the one hand, we should positively strive for state investment; and, on the other, we should encourage collectives, individuals, and the men of insight in and outside the province to participate in development. In other words, we should make the state, collectives, enterprises, peasants, foreign countries, and the provinces other than Heilongjiang to participate in the development altogether, and whoever run fast will be supported. He predicted that along with the establishment of the rural market economic system and with the perfection of the socialized service system, it is quite possible that a number of mechanized large-scale farms, with household farms as the main form, will emerge in Heilongjiang, and a embryonic form of modernized farms will take shape.

State farms constitute a major new force for developing Sanjiang Plain. On how to exploit state farms' advantages in management, in science and technology, and in machines to promote their comprehensive development, Yue Qifeng said: In the course of further exploiting these advantages, state farms should emphatically cultivate the advantage in processing of agricultural and sideline products and should establish market operation and sales networks to give rise to a management advantage. He expressed the hope that state farms in all localities would attend to the radiation work and social service work to bring along the economic development of neighboring counties, townships, and villages in order to form a new situation characterized by common development, common benefit, and common prosperity.

During the talk with workers and staff of farms, Yue Qifeng conscientiously listened to their opinions on the reform in state farms. He then said: State farms must further deepen reform and rationalize the relations between different structures. Without reform, there would be no way out. The general principle for reform is to separate government administration from enterprise management and return administrative power to the government and management power to enterprises. Efforts should be made to strengthen assets management and supervision with a view to building the general state farms bureau into a general agriculture-industry-commerce company that is the biggest of its kind in China, that is well-known in the country, and that is influential in the world. Farms, farming teams, and farming stations should be truly turned to legal entities. At the same time, the intermediate links should be weakened, government functions transformed, government organs streamlined, state functionaries transferred to do business, and service work improved. Yue Qifeng fully affirmed Suibin Farm's experience in regarding the establishment of a community management committee as a transitional

form to separate government administration from enterprise management. He also spoke highly of the experience of the supplies and seed company of Suibin Farm in playing its radiation role to serve farms and local peasants. Then he demanded that these experiences be summarized and popularized.

Yue Qifeng said: The goal of state farms in the future is to attain the overall target, make great contributions, and build themselves into a large group.

Yue Qifeng expressed the hope that state farms would positively support the establishment of household farms. Entrusting workers to manage the land in the form of rent may not only ensure an increase in the value of state-owned assets, but also greatly speed up development of the land. He said: State farms should fully utilize the advantage of having more large machines to organize subcontract and contract companies in a bid to make the most of large machines. Departments of state farms should strengthen the coordination with local governments to avoid duplicated construction.

Yue Qifeng was extremely concerned with the livelihood of veteran demobilized officers and soldiers and veteran workers and staff who participated in the exploitation of Sanjiang Plain in the past. He said: The 100,000 demobilized officers and soldiers made indelible contributions to the exploitation and building of Heilongjiang, and therefore their magnificent contributions will certainly go down in history. In recent years, because state farms have contributed more to the state, accepted little compensations from the state, and borne a heavy debt load, the quality of daily life of these veteran workers and staff has been adversely affected. For the time being, the state is unable to allocate a large amount of funds to increase remunerations to them. However, state farms are completely able to lay out part of the land and contract it to retired veteran workers and staff in the form of "meritorious service fields" and "old-age fields." And, it should be permissible for this land to be subcontracted to others.

Yue Qifeng and his entourage inspected some state-owned enterprises, including Fujin Tractor Plant and Huachuan Harvesting Machinery Plant, where he called for greater efforts to carry out urban reform. He said: Like rural reform, urban reform should also be aimed at resolving the problems of no one assuming responsibility for the work and "everyone eating from the common pot," as well as the problem of equalitarianism. To this end, enterprises must increase remunerations to managerial, technical, and marketing personnel based on their contributions. When the enthusiasm of these personnel has been mobilized, the appearance in product development, operation and management, and market

sales will change greatly, and the welfare service and remunerations of workers and staff will naturally go up. He said: Enterprise reform is the only effective way to ensure the increase and maintenance of the value of state-owned assets. After "grafting" with Kangjia Company, Mudanjiang Television Plant has doubled its efficiency for three years in succession. However, having missed the opportunity for reform, Jiamusi television plant lost tens of millions yuan of assets in two years. It is proven by facts that a major cause of the loss of state-owned assets is that state enterprises follow old operational mechanisms, resulting in the overstocking of products and grave deficits. Hence, the greater the enterprise efficiency is and the stronger the workers' ability to bear it, the more the reform should be accelerated. Yue Qifeng said: The competitive sense of Heilongjiang's enterprises is not strong, and the propaganda of their products is not enough. All the departments in charge of industry in the province should organize the implementation of famous brand strategy in each trade and should expand the influence through advertisement.

Dwelling on industrial development of Jiamusi City, Yue Qifeng said: In initiating large projects, we should be careful and should not build large enterprises blindly. We should try to initiate as few new projects as possible and make as much investment as possible. We should utilize scientific and technological research findings to develop more products that consume fewer investments, need shorter development periods, yield faster results, and enjoy good sales. In coordination with the exploitation of Sanjiang Plain and the peasants' demand for building houses, we should expedite the development of agricultural machinery, construction, and building materials trades. Border cities should not attach importance to border trade alone. Their investment in urban capital construction cannot be too great. Otherwise, a large amount of funds will stagnate. Border cities should select correct projects to rapidly form their industrial advantage. Only when the economy develops and markets are brisk will there be imports and exports, and will border trade grow and thrive.

During the inspection tour, Yue Qifeng and his entourage also traveled to Wusu County in Fuyuan County to visit PLA fighters of a certain sentry post that had been praised as the "first heroic post in the east" by Comrade Hu Yaobang, and extended cordial greetings to the officers and soldiers who have stood fast at this post throughout the year.

Accompanied by Yue Qifeng on his inspection tour were party and government responsible persons of Jiamusi, Hegang, and Shuangyashan cities as well as the general bureau of state farms.

Urban, Rural Residents Consume More Meat*OW1809142695 Beijing XINHUA in English
0707 GMT 18 Sep 95*

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — Official statistics show that urban and rural residents in China are eating more beef, mutton, chicken, egg and aquatic products in addition to pork.

Figures from the State Statistics Bureau show that China's meat production last year reached 44.99 million tons, and on the average every Chinese was able to have 37.4 kg of meat. In 1979, the figure was only 9.4 kg.

Pork used to account for 90 percent of people's meat consumption.

Over the past several years, the production of beef, mutton, fowl meat and aquatic products has been increasing at 20 to 40 percent each year, which is much faster than the increase rate in pork production.

Statistics also indicate that during the state's Eighth Five-Year Plan period (1991-1995), the consumption of fowl meat by rural residents rose by 8.4 percent, the consumption of egg increased as high as 47.8 percent and that of fish and shrimp soared by 80.5 percent.

According to Wang Qichang, vice-director of the China Meat Association, the country's state-run food factories produce nearly two million tons of processed meat products each year, as compared to the 500,000 tons a few years ago.

Analysts say that the change of meat consumption pattern indicates China's agricultural development and a great improvement of people's living standard, and on the other hand it poses new demand for feed business and meat processing industries.

Detailed Assessment of Agricultural Problems Given95CE0569A Beijing GAIGE [REFORM] in Chinese
15 Jun 95 No 4, pp 15-23*

[Article by Du Runsheng (2629 3387 3937): "China's Agriculture in a Period of Economic Transformation." This article is a summary of comments the author made at an international panel discussion on agricultural development problems in March 1995.]

[FBIS Translated Text] 1. The agricultural problem has become a focus of conversation today. The public in general feels that the overly high and overly rapid rise in grain prices of the past two years reflects insufficient agricultural production and supply. This has given rise to concern about long-term prospects for China's grain production. Although many reasons are given in the study of this phenomenon, further analysis is lacking.

Things such as poor agricultural resources, little ability to resist natural disasters, too little investment, a low level of science and technology, and an overly small scale of farming etc. are general factors that have long played a role in developing countries; but they do not suffice as reasons for the rise in prices in China for the past two years. Neither can they pinpoint the special inhibiting factors that exist in China and suggest remedies. More concrete examination and analysis is needed to clarify understanding and to treat the problem properly, concentrating energies on policy goals that will be effective at the present time.

Long-range problems must receive close attention, but good performance in reform is for the very purpose of creating conditions to solve long-range problems. This positively cannot be ignored.

II

2. China's national economy is currently in a period of system change, i.e., it is making a transition from a planned economy to a market economy. Most of the problems that occur in economic development today are related to subjective and objective conditions in this change over process.

The interaction between system change and economic development remains a main thread that permeates mankind's entire historical change process. During every period of system change, complex phenomena of a transitional period character may occur. So far, penetrating economic explanations of the change from a planned economy to a market economy have been rare. However, this transformation occurs not only in socialist countries, but in some developing countries as well. Therefore, following World War II, in striving to become advanced industrial countries, newly independent countries instituted, to one degree or another, a centralized planned economic system. Thus, we can discover certain things in the nature of rules from the common experiences of these countries that provide clues to understanding the problems that are occurring in China's rural villages today.

3. Transformation of the economic system differs from transformation of the political system. The economic character and the dependency conditions of an economic system require a systematic development process. Change cannot be instantaneous. Thus a transitional period ensues that is characterized by no correction of the structural shortcomings of the previous economy. The old and the new system exist together, in addition to which the difference in their fundamental orientation has a damaging effect on economic activity. It produces different and even mutually contradictory consequences.

Transformation of the system unavoidably influences and changes the former national income distribution structure. The reformed distribution of benefits also is not homogeneous. Consequently, different interest groups react differently to specific reform policies, and this affects progress in reform in turn. The interplay of positive and negative influences gives rise to numerous changes that run contrary to people's expectations.

Ordinarily, system planning is conducted under government auspices. For the government, this is a kind of historical self-improvement mission. During the transition period, the macroeconomic policies that the government, the ruling party, and other political organizations choose are of decisive importance. They are both able to intensify the factors encouraging reform, and they may also produce factors limiting reform. Reform makes demands on political organization, which can concentrate information from all quarters during the transformation period, can eliminate the effects of the customary role of the old system and actively promote development of the new system, and can help ease contradictions among the people and select points for harmonizing reform and stabilization policies, thereby providing security support for system transformation. This is a collective study process. It cannot be conducted flawlessly once it is begun. Government is under pressure from all sorts of interest groups, and is frequently between a rock and a hard place on quite a few issues. In addition, traditional culture and preferences also affect people's choices. Therefore, subjective mistakes are hard to avoid in the work process, and when taken together with the other factors cited earlier, they affect progress in reform. Certain tortuous situations occur. Consequently, we emphasize that the problems that occur in reform can only be solved through reform because the impediments to reform that come from all quarters will not disappear spontaneously. Every advance in reform means exerting a certain amount of force to reduce a certain amount of resistance. The reverse is also true.

III

4. The overall rural situation has been good in recent years. The reforms of the past several years have created a new force for agricultural production; also the central authorities have devoted serious attention to rural villages, and paid close attention to agriculture and to the peasants problems. For the past several years, leaders, cadres, and the public have labored together. The rural economy has developed steadily, and the supply of farm products is assured. Also, development of an externally oriented economy, the nurture of intermediate organizations in markets, and promotion of developmental agricultural, system innovation, and

the building of organizations have moved ahead and produced innovations. All these things must be fully acknowledged. Nevertheless, reform has not succeeded. Under the situation in which the old and the new system exist together, the old system continues to play a role that blocks smooth development of the rural economy and society.

Why has reform not succeeded? The original plan called for, first, establishment of a macroeconomic foundation; second, establishment of a market economy environment; and third, using these advances as a basis for gradually establishing a new rural economic structure. Not one of these three things was done completely. People have a misconception. They suppose that now that the focus of reform has shifted to the cities, the main task in rural areas has shifted to concentrating on the development of production to ensure supply. Reform has been diluted. Whenever production fluctuates, emphasis on paying close attention to agriculture to improve its basic position is completely necessary. However, little attention is given to stimulate peasant interest in production by reforming the system and policies; thus, the intensity with which the deregulation of commodity markets and key element markets is pursued has weakened.

5. Just what is the problem causing the high rise in grain prices? Is it a production and supply problem, or is it something else? Why is it supposed that when reform began, the peasants were enthusiastic about production? First, the supply of products on which price controls were removed, such as aquatic products, poultry and livestock, vegetables, and fruits was good. In 1978, output of poultry and livestock meat products was more than 10 million tons. By 1994, it had increased to more than 44 million tons. Today, meat consumption averages 39.4 kilograms per capita. That is more than the international average. Meat and poultry sales are slack, and some enterprises are losing money. Everyone knows that meat is converted from cereal grains. Second, the annual rate of increase in grain production is greater than the rate of population increase. (The above normal growth of 1983 and 1984 is not likely to continue.) Third, grain production shows cyclical fluctuations. Some of the fluctuations result from natural disasters, but in most years they result from the too low comparative benefits obtained from grain farming. Production fluctuates as prices change. When prices are high, the peasants are interested in growing grain; when prices are low, they are not interested. No way of pricing grain relative to prices of industrial goods and cash crops exists as yet. This is a price formation mechanism problem, and it is also a structural problem. Fourth, despite the fluctuations in grain output, major fluctuations have not occurred. This is because

since the contracting of output to individual households, the peasants have had to work to ensure their own portion of grain. They strive to grow enough to eat and some surplus. One thing that has a direct effect on grain price fluctuations is the amount of commodity grain that the state purchases. This is because the public procurement price of grain is controlled. The peasants are unwilling to sell at a low price. Fifth, in 1994, gross output of grain fell 2.5 percent owing to a decrease in paddy output, so price fluctuations were not within the normal range. Under normal circumstances, no supply crisis would ensue. During the preceding year, net exports increased, supply decreased, prices of energy and materials rose, and grain prices, driven by costs, rose. This was a change that could have been anticipated. Government establishment of trading rules, and greater intervention at this time to halt trouble from speculation capital was necessary. The problem was how to intervene. If economic means failed, all that could be done was to clamp down hard on market prices and close markets. To do otherwise would be to abet the peasants reluctance to sell grain and speculation by private traders. It would also lead to local blockading and a state-owned grain shop "search for tenants." This would lead to a magnification of fluctuations during the change over period. Even were requisition purchase quotas filled, the price would be very high.

IV

6. For a large country with a population of more than a billion, one can never overemphasize the need to enhance the position of agriculture. But how to enhance it? "The key lies in increasing investment." This is the right thing to do, of course. A large amount of investment must be made in water conservancy, transportation, telecommunications, research institutions, renovation of cultivated land, and all industries and service facilities used in agriculture to make a transition from traditional agriculture to modern agriculture. Several trillion yuan will be needed for each plan period. Investment in agriculture must also be supported directly by the state treasury. This also goes without saying. However, most of the regular investment in agriculture today comes from the peasants. They account for more than 60 percent of investment. Government financial resources are limited. The limited investment government makes can only be used for basic construction. It cannot improve the peasants comparative benefits from agriculture; yet, it is comparative benefits that directly affect the peasant investors profit expectations. If the peasants are to increase investment, they must have spare money to invest, and they must also have an interest in investing it. Therefore, agriculture must receive stimulation

from the market to make it a profit making industry; otherwise, the peasants will not be interested in it.

Some say that the solution to the agricultural problem today lies mostly in the development of township and town enterprises. Township and town enterprises really do play a role in employing peasants and in making local industry assist agriculture. In the eastern part of the country, agricultural production and peasant income depend to a very large extent on the support that township and town enterprises provides. However, it also takes money to run enterprises. The vast central and western parts of the country lack the conditions for running enterprises that the east has. Specifically, they lack the needed capital inputs. Many are grain producing areas in which the development of township and town enterprises requires accumulations and surpluses from agricultural production. Sole reliance on government approved loans of several billion yuan is but a drop in a bucket. Were more obligated, the banks could not bear the burden. Therefore, all that can be done is to develop gradually insofar as capabilities permit. There is no use hoping that some cavalry will come riding to the rescue. If such areas are to operate township and town enterprises, they will have to take a new tack. They will have to improve transportation along with building towns and cities, improve the investment climate, and expand employment opportunities. Right now, they will have to increase the exchange value of grain through a unified market. They will have to invigorate agriculture first.

7. Today agriculture is suffering from a shortage of capital while, at the same time, it is squeezed by rising costs and sales at low prices. If the government can increase investment, the more the better. If it cannot, rather than make empty promises about "giving more," it would be better to be realistic by "taking less" from the peasants as a starter to reduce their burdens somewhat. If taking less also proves difficult, the government's "take" and "give" formula might be changed somewhat. Currently, the government has to pay very high operating expenses to run its low price requisition procurement system. The gain is hardly worth the loss. In other words, decontrolling the prices of other agricultural products but controlling only the price of grain is both unfair and hardly workable.

8. The above shows that solution to the agricultural problem requires intensification of reform, first reforming price policy by merging two track prices into one, and establishing a unified market. The larger the market, the smaller the price fluctuation affect. Discriminatory policies against the peasants must be abandoned, and the comparative benefit to peasants from agricultural production, particularly grain production, restored. This

should be used as the basis for gradually changing the rural economic structure, starting with the employment structure, to begin to create conditions for the change from traditional agriculture to modern agriculture. Some other methods do not remedy the basic problems, and some have only a negative effect. We must strike out in a new direction.

V

9. Realigning the rural economic structure is an important goal that should be pursued in reform. It is also a system innovation and an organizational innovation task that must be instituted for realization of the long-range goal of steady growth. Numerous variables exist in the formation of a new rural structure. One cannot forecast all the details. During the transition period, one thing we can do is set up a basic framework to make it conform to the following requirements.

First is to realize equivalent exchange of goods, services, and key production elements through a unified market, elimination of barriers between cities and the countryside, and move in the direction of integrating cities and the countryside and toward regional teamwork.

Second is to define equity rights, protecting, according to law, the property rights of all economic entities to help build an ownership structure in which diverse forms of ownership co-exist, with public ownership playing the leading role.

Third is to stabilize family farming, promoting the dissolution of the traditional small scale agricultural economy under guidance of the market in a change toward a social division of labor and specialization of production for the formation of independent industrial sectors consisting of agriculture, forestry, animal husbandry, fisheries, horticulture, and processing, and a pre-production and post-production socialized service system. In places having requisite economic and social conditions, farming on a proper scale and a cooperative system should be practiced in keeping with the country's circumstances.

Fourth is to change the employment structure and the demographic structure, shifting large amounts of manpower out of farming, increasing commensurately the investment of capital, and gradually shifting from land and manpower intensive farming to land and labor saving farming.

Fifth is steady-improvement of the investment climate to attract both domestic and foreign capital as well as technology to rural villages for large scale development of agricultural resources, and the development of agricultural products processing industries, thereby improving the utilization of resources.

Sixth is concurrent attention to economic growth, social progress, and environmental protection to ensure that resources can be used endlessly.

Of the foregoing several items, the first, building a unified market, is a necessary prerequisite. This is because only markets can correct the economic distortion caused under the former planning system to bring about a benign cycle in which scant resources are used effectively, thereby creating necessary conditions for completing transformation of the rural structure.

This point will be amplified somewhat below.

VI

10. After nearly half a century of system change since the founding of the People's Republic, narrowing the economic gap between industry and agriculture has become the peasants' strongest cry. The socialist transformation of the 1950s and 1960s eliminated the landlord, rich peasant, and capitalist systems of ownership, class distinctions being eliminated along with them. However, eradication of the differences between industry and agriculture will require a long process of developing and increasing productivity. Nevertheless, as a socialist country, China should, and can, choose a development strategy for gradually narrowing the differences between industry and agriculture during the economic growth process. However, the planned economy system widened the differences between industry and agriculture, as well as the differences between cities and the countryside, which rested on this foundation. During the period immediately following founding of the People's Republic, accumulations had to be withheld from rural villages in order to concentrate resources for the development of heavy industry. This was necessary, but this acting without regard for price laws went on for a long time. The outflow of rural resources was greater than the inflow, causing an unbalanced change in relations between the cities and the countryside. Today, industrial sector profit-making industries have become the main source of the country's fiscal revenue. The former reliance on agriculture to help industry has changed to industry suckling agriculture. Now, in view of the real system transformation difficulties the country is facing, at very least exchange of equal value should be instituted to maintain agriculture's ability to sustain itself. However, this has not been done so far. Glaring problems include the following: In the national economy, the percentage of output value derived from agriculture is declining. A large population is languishing in rural villages. This is a very great problem that affects both the growth of agriculture and improvement of supply capabilities. Not only is there too great a gap between cities and the countryside in the labor productivity rate,

but a tremendous difference exists in various social welfare systems. Different city and countryside household registration systems have created a difference in status between city and country residents. The peasants knowledge has increased since the advent of reform, and their sense of unfairness has also become more pronounced. Because of government slight relaxation of controls on travel between cities and countryside, a so-called "part-time work tide" has occurred. The peasants spontaneous action to break down the separation between cities and the countryside reminds us of the need to pay very close attention to readjustment of the relationship between cities and the countryside.

11. Certainly, eliminating the barriers between city and countryside cannot be left solely to such spontaneous peasant efforts, nor can government be depended on to increase agricultural prices greatly. Today when state-owned businesses are not making high returns, when government lacks financial resources, and when the agricultural population numbers 80 percent of the total population, the minority cannot afford to subsidize the majority. This being the case, the government will have to break free from the inertial restraints of the old system, and use the market's function to allocate resources under effective state macroeconomic regulation and control in order to blend cities and the countryside into one and to integrate industry, agriculture, and business for a gradual narrowing of the differences between city and countryside, and further improvement of the economic position of the peasants.

VII

12. Rural employment is a great difficulty that has been accumulating for a long time in rural villages. During the former people's commune period, hidden unemployment actually existed. With the institution of family farming following reform, one-fourth of rural manpower became surplus, and by the end of the present century, the surplus will increase to approximately 200 million. If jobs can be found for the surplus, the plentiful manpower will be converted into a beneficial resource. Conversely, it will become a factor limiting national development. The following facts demonstrate this point: In coastal regions where reform and opening to the outside world has taken hold first, with community support, the peasants are operating township and town enterprises locally to solve the employment problem of nearly 100 million people. This has increased purchasing power, and propelled coastal areas toward prosperity and development. In some central and western parts of the country, however, township and town enterprises have been slow to develop. Backwardness and poverty have

not changed there. These places offer sharp contrast to the developed areas.

13. Because enterprises lack the backing of cities and are spread out, unavoidably the following will occur in the enterprise development model for "leaving the land without leaving the countryside:" duplicatory building of the same kinds of enterprises, low level competition, waste of resources, and pollution of the environment. Future rural industrialization must proceed hand in hand with urbanization and town building.

Movement of population from the countryside to cities and industrial areas is a social structural change that is bound to occur in the distribution of manpower during the transition from an agricultural country to an industrial country. It is possible to accommodate to this change, guiding it toward the goal of developing an optimized city and countryside structure. It cannot be prevented.

14. Foreseeably, during the next century, the Asia-Pacific region will become the most active area in the world economy. In this region, it will be China that invests the most international capital and has the greatest economic growth. If this estimate is not wrong, in order to seize this historical opportunity, we will have to study what are the factors that most benefit and most restrict China's economic growth. China's resource advantage is manpower, and its greatest limitation may be the insufficient market demand that stems from insufficient peasant employment. If the purchasing power of several hundred million people does not rise, expansion of domestic markets will be limited to a very great extent. Furthermore, domestic markets are the main markets for China's goods and services, and they are also the main attraction for the influx of international capital and technology. Therefore, a new employment structure must be shaped at once to create new consumption demand and to widen the vast domestic market in order to lay a solid foundation for sustained development of the national economy.

15. There is still a certain amount of potential for employment in rural villages. More must be invested to develop rural resources. More effort must be put into diversification, and more labor-intensive, high technology content industries must be operated, with every thing possible done to employ more peasants.

Today, the urban population is only 26.7 percent of the total population. Large numbers of manufacturing industries are concentrated either in large and medium size cities or in rural villages. A corresponding situation is lacking for tertiary industries. Not only is the development of medium and small cities sluggish, but large

modern cities devoted mostly to trade and financial services, which can stimulate the whole country and forge international links have also not taken shape. The number of cities must be tremendously increased to meet development needs. Approximately 60 percent of the country's population should be living in cities during the early part of the next century, with the country's cities numbering approximately 1,000 large, medium size, and small ones. Several large cities should be helped become international entrepôts, and some of the remaining ones should be mostly devoted to manufacturing. Others should be for mostly tertiary industries. As the number of cities increases, they will become functionally more complete and make greater use of modern information and communications equipment. This will enable some externally oriented enterprises to speed up the upgrading of their technology and increase their international competitiveness. It will also enable existing labor-intensive industries to fan out to spur the development of lagging areas. This is a major action and a major project, not something that can be done overnight. This being the case, early planning must be done, with the development and standardization of labor markets, and the building of planned and guided cities made a part of government strategic plans. Slackening of efforts in this regard, and focusing only on restricting population movement, may cause even greater difficulties and risks.

16. We have already seen how large and medium size cities located along the coast and along rivers such as Xiamen, Guangzhou, Shanghai, Beijing and Tianjin, Wuhan, and Chongqing have stimulated the surrounding area to produce an urban community style development pattern. This may serve as a frame of reference for the state in drawing up urban development plans. We are also happy to see a number of new situations occurring in one place after another of "peasants creating cities and towns." Since medium size and small industries got started in the countryside and found a need to congregate in cities in the course of their development, small strip cities developed. This is another instance of Chinese peasants consciously improving their living and development environment. Government should provide positive guidance and support.

17. A more suitable model must be chosen to solve the employment problem in impoverished areas. Support from all over must be used adroitly. First, communications, transportation, and telecommunications facilities must be developed both to improve the investment climate and to create employment opportunities. Country fair trade should be developed in border areas and along transportation lines, encouragement given to individually owned and privately owned enterprises to enter

these markets, the trade stimulating both agriculture and industry. In areas where natural conditions are harsh, the building of plants by enterprises from other areas may be tried out to provide employment. Extremely close attention must also be given to training for employment, with employment opportunities expanded through better education.

VIII

18. Property rights must be stabilized, defined, and protected. This matter must be given an important place during the changeover period. Numerous conditions must be met for a country to have economic growth, and two are indispensable. The first is a market system, and the second is a property rights legal system. Historically, China has lacked a property rights legal system tradition. The ancient patriarchal society could not have had ownership rights having the significance that modern people understand. As Marx described it, that was still an age when "power controlled property" and "seized property." Even with the entry into modern times, no civil code suited to the country's circumstances has ever been drawn up to define and protect public and private property rights. Our having gone from a property rights concept of "what is mine is mine, and what is yours is also mine," to "what is mine is mine, and what is yours is yours" is an outgrowth of the large scale development of a commodity economy. As for the concept of completely eradicating private property, full development of production must be a prerequisite. Immediately following liberation, and at the end of land reform, the CPC Central Committee [CPPCC] common program declared that land and other means of production are the peasants legal property. At that time, when thousands of things were waiting to be done, not only was there no time to draw up specific laws, but there was no readiness to promote full development of a commodity economy. Not long afterward, striking while the iron was hot, socialist transformation began, the goal of which was eradication of private ownership. Thereafter, the government no longer emphasized protection of the peasants property rights, nor did the peasants try to get protection. Everyone raised their hands in approval of the elementary agricultural producers cooperatives, the advanced agricultural producers cooperatives, and the peoples communes. However, later on, contradictions were revealed. First came peasant withdrawal from communes. This did not succeed. The following year came spontaneous contracting of output to individual households. This did not succeed either. Numerous passive methods followed, such as peasants favoring their private plots. They worked public fields but did not put real effort into them. They concealed output and divided it up privately; they pilfered and engaged in outright theft;

they borrowed money without paying it back; they owed the state grain because of their own over consumption, and they took grain for private profit. One cannot say this was entirely illegal inasmuch as it was just doing what everyone else was doing. It was deceiving higher authority but not deceiving people at the lower level. The law does not condemn the public.

19. Now contracting output to individual households stipulates that the land is publicly owned, with peasant households contracting its use. Peasant household contracting rights (i.e., use rights) last for 15 years, but because of the need to increase the availability of land because of the increase in population, changes occur every year in some places. The 30 year duration formerly set has no legal validity. The provision that use rights may be transferred for compensation has actually not won consensus, much less has a market developed. (Reportedly only one percent of land is transferred). The recent State Council forwarding of a Ministry of Agriculture document reiterating this policy, and promoting its application and enforcement is a timely action. Now farming on an appropriate scale is beginning to be encouraged. Comrades should be reminded to pay close attention to the property rights issue. The former collectivization was also in order to farm on a proper scale, but everyone simplified this change, regarding it only as an ownership change issue that would be completed within a limited time through a political campaign. They did not take account of its economic character; thus, they did not prepare the conditions that the economies of scale require. Consequently, the principal of mass voluntary participation could not be assured, and thus neither could the collective economy be readily sustained.

20. Today, we must remember the lessons of history. We must understand that any economic system is both constant and changing, and that its change must be based on certain conditions. Farming on a proper scale is mostly a way of combining key production elements that is related to ownership system change. But it cannot be equated with ownership system transformation. One must pay close attention to the extent to which economic conditions are ripe, and one must also regard it as a property rights exchange relationship. This means that when peasants transfer property rights in exchange for the compensation they expect, the exchange must be voluntary. If it is not voluntary, they may not be forced to do it. The peasants choice must be respected, and the peasants property rights must be protected. Without this concept, a market economy cannot operate well and various systems cannot be planned.

21. On the basis of observation of experiences in various places, farming on a proper scale is done through the following several methods:

A. Land transfers for payment have gradually brought about a relative concentration of land that permits farming on a suitable scale largely by peasant households, such as large specialized grain farming households, and large specialized vegetable farming households. Changes in equity rights have resulted from the market trading of land use rights among households.

B. Corporations and peasant households. The formation of service communities on the foundation of family farming has enabled the adoption of corporation-style centralized marketing, supply, processing, export, and importation of science and technology for some economic activities. This is applied to general gardening and to specialized fruit and vegetable growing, and livestock raising. Government commerce and trade departments, supply and marketing cooperative organized integrated production, supply and marketing, and integrated trade, industry, and agriculture, and specialized service organizations such as specialized market and commodity base service centers, special skills associations and peasant vocational associations may also be included in this category.

C. Community agricultural product processing peasants. Families still contract farming, but the community is responsible for common services. Rural communities generally rely on township and town collective enterprises to provide the economic wherewithal for the construction of water conservancy facilities, roads, telecommunications, and transportation, and to set up certain service units such as mechanized farming teams, credit cooperatives, supply and marketing organizations, and scientific services organizations. The community is non-profit making, but peasants usually pay for the use of community-provided services, thereby maintaining an exchange relationship that is also deemed market behavior.

The above mentioned several forms make up two-tier farming that is a mix of centralization and decentralization. A peasant household may be a member of several service organizations at the same time. They are not mutually exclusive.

D. The share cooperative system. This system differs from the former collective ownership system. Under the share system, one buys shares and receives dividends on the basis of the amount invested. Actually, the corporate system (share system) and the cooperative system are two different systems that should not be confused. Nevertheless, everyone is in the habit of doing so. One cannot avoid accepting what has become common practice, draw on the strong points of one to make up for the weak points of the other, and form a new socialized ownership system. We may also abide by government

law, making a distinction between the corporate system and the cooperative system. This will take a fairly long trial operation period for gathering experiences.

E. Cooperative farms. Some of the cooperative farms today resemble collective farms, and some are like industrial workshops. Their advantage lies in avoiding the slump in agriculture brought about by land being allowed to lie fallow in the process of shifting large amounts of manpower. This differs from the paupers transition to higher stages of collectivization during the former "collectivization." Now there is investment of capital and inputs of modern technology, and collectivization comes after increasing the average amount of land per laborer. Even so, cooperative farms do not avoid the weaknesses of the former collectivization, namely the lack of an effective self-discipline mechanism for supervision problems and distribution problems. Trials will have to be run to gain new experiences in solving these problems. Experiments can be tried instead of a blind rush into mass action. Owing to various limitations, the input-output rate is low for quite a few cooperative farms, and their books cannot be balanced. This occurs mostly in areas that are fairly well developed economically and that can obtain substantial government financial support. Such cooperative farms cannot be spread to most other areas. On this point alone, cooperative farms are inferior in having the conditions for spread of the former two-tier farming structure. In China, the concentration of land will be a slow process. Small scale family farming still possesses vitality. The two-tier farming cooperative system will spread even more widely.

22. In former times, both Marxists and liberal western economists predicted the elimination of family farming through competition, but history has shown the continued existence of family farms even in highly developed capitalist countries. They are able to expand in size without hiring laborers. They can use the fruits of modern science and technology and other social services to escape from the various backward states of traditional agriculture. Meanwhile the collective farm model practiced in the USSR is unable to continue as before; it must be reformed. How family farming in China will change cannot be definitely predicted on the basis of existing factual data. The two leaps approach in agriculture that Comrade Deng Xiaoping proposed must serve as the orientation of our efforts. The second leap, as Comrade Xiaoping said, will be a long process of economic practice that is also bound to be a process of exploring system innovations to be realized through different avenues and different organizational forms at different times, at different places, and under different conditions. In China with a population of 1 billion, a

vast land area, and extremely great regional differences, the foreign model for using farm machines cannot be copied mechanically, nor can practices applied to individual areas in China be applied to the whole country. The peasants most urgent demand today is for consolidation of the family contracting system and the provision of good services. This must become the current work emphasis. Economic organization forms have also become diversified in view of the diversification of economic development. A consensus must also be obtained on this point.

23. The problems rural villages face are numerous. Some production problems and social problems are extremely important. Actions to solve them are needed urgently. Space limitations necessitate separate discussion of this matter. The above discussion has been limited to several goals in the intensification of reform during the transition period. Reform is a historical opportunity, and opportunities do not last. Once gone, they do not return. They must be seized. The two goals of selling farm products through markets and shifting manpower out of agriculture must be given priority consideration.

24. The central authorities have repeatedly reminded that seizing opportunities, intensifying reform, widening the opening to the outside world, promoting development, maintaining stability, and the five sentences [of Jiang Zemin] are part and parcel of a totality that must be promoted completely and uniformly. Overall, the countrys handling of the correlation between reform and stability has been successful during the past more than a decade. The distinctive features that the public accepts are starting with the rural villages to establish a new system along with reform of the old system, developing a non state-owned economy along side the state-owned economy at first, thereby creating a new economic increment to augment rapidly the goods that have long been in short supply in the industrial structure for earlier improvement of the economic position of the peasant masses who are the largest group in the country. This gains time to provide conditions that ensure the development and intensification of reform in cities, thereby avoiding sudden changes in the existing interest structure resulting from a lack of preparations that can set off excessive fluctuations that adversely affect social tranquility during the period of economic change.

25. Selection of rural villages as the breakthrough point for reform, not by chance but on the basis of objective data and background. Under the old system, it was the peasants that were the group whose vested interest was least, and who suffered the greatest losses. Agriculture was the industry that contributed most, but for which comparative returns were lowest. The rural villages were national income trough areas, and also the

areas in which the need to improve survival and development conditions was greatest. This being the case, even though rural reform had encountered numerous obstacles, inasmuch as the cost of transforming its mechanism was relatively small, returns were relatively great, entry was relatively easy, results could be seen quickly, and negative effects were relatively slight, leaders held rather good expectations from rural reform. The increase in output resulting from the contracting of output to individual households, and the unexpected success of township and town enterprises demonstrated that this decision was in keeping with reality. The second step in rural reform was exchanging farm products in markets. The beneficiaries of this reform were virtually all peasants; the losers were urban low income households, and rural households that lacked grain. A preliminary estimate put the percentage of those thus affected at no more than two digits. Since there is little elasticity in the amount of income spent on grain, as urban staff and worker income increased, the proportion spent on grain decreased. For most urban residents, the rise in prices resulting from reform was tolerable, meaning it did not hurt their income. The key to carrying out rural reform lay in taking care of the interests of low income households and rural households lacking grain. Solution to this problem lay in choosing a policy that was both effective and fair. The policy had to be separated from agricultural procurement and marketing policy. It had to be pertinent to the problem. Quite a few places had found appropriate methods through experimentation. For example, urban grain sale prices were mostly based on quality, low quality grain being supplied at the parity price. For a long time following reform, quite a few cities and towns decontrolled the price of grain early on, and they did not subsidize grain prices either, yet this seemed to work. Reform policies can only be founded on the will of the majority of people, a minority either not being hurt or only slightly hurt. Satisfying one hundred percent of the people is impossible. By properly resolving the problems of the small number of people so that they do not just lose but also gain helps maintain stability. Delay in reform to protect the interests of the minority at the cost of the interests of the majority produces an accumulation of unstable factors that weaken initiative for controlling the overall situation.

People term China's reform gradual advance reform. If the term gradual advance is understood to mean extending reform over time, that is to misunderstand the real connotations of China's reform experience.

Methodologically, experiments are tried first before reform is extended. In moving ahead, a new system is set up first in one area to develop a new market-oriented economy and to steadily strengthen it. This serves as the economic backing for reform, for expansion and intensification of the area of reform to form a steady process of system renewal. This is gradual advance. Gradual advance is not no advance.

26. The price of grain has a substantial influence on the overall price chain. However, the price rises that reform of the former price system caused were of a catch-up character, one time, and unavoidable. Avoidance, taken together with other factors, would have increased the difficulty of reform. Choice of a propitious time for transformation of the grain price formation system, so that the government could maintain control over inflation, was also feasible and necessary for the maintenance of stability. However, one could not forget to move ahead with reform during a favorable opportunity. The government has already decided to reduce the amount of requisition procurement in 1995. It will not permit the closing of markets. It hopes to move ahead further with this reform in the future. In addition to grain procurement and marketing, development of key element markets such as labor, land, and money must also be accelerated.

***Gansu Reports Summer Grain Storage**

95CE0593M Lanzhou GANSU RIBAO in Chinese
3 Sep 95 p 1

[FBIS Summary] As of 30 August, Gansu Province had put 294,680,000 kilograms of summer grain in storage, fulfilling 39.55 percent of the task, of which 287,580,000 kg of wheat were put in storage, fulfilling 53.98 percent of the task.

***Jiangxi, Hainan Report Late Rice Area**

95CE0593N Beijing NONGMIN RIBAO in Chinese
12 Sep 95 p 1

[FBIS Summary] As of 14 August, the late rice area in Jiangxi Province was 22,415,000 mu, an increase of 1,340,000 mu, or 6.4 percent over 1994. As of 27 August, the late rice area in Hainan Province was 202,700 hectares, an increase of 8,700 hectares, or 4.5 percent over the same period in 1994. The hybrid late rice area was 125,600 hectares, an increase of 30,100 hectares. At present the autumn crop area in Hainan is 33,600 hectares.

North Region

Hebei Arranges Ideological, Political Work

SK1609091395 Shijiazhuang HEBEI RIBAO
in Chinese 18 Aug 95 p 1

[By reporter Lou Jirong (7482 4949 2837): "Place the Ideological and Political Work in First Place"]

[FBIS Translated Text] At the provincial ideological and political work conference sponsored by the provincial political and legal front in Qinhuangdao from 15 to 17 August, the participants put forward that it is necessary to place the tasks of enhancing the ideological and political work and of upgrading the ideological and political quality of personnel in charge of political and legal work in various fields in first place among their work whether it is from the high plane of safeguarding and consolidating the people's democratic dictatorship or from the high plane of character and tasks of the political and legal organs and from the high plane of the existing quality of political and legal personnel's contingent.

During the work conference, the participants summarized the achievements and experience gained by the provincial political and legal front over the past few years; analyzed the new state of affairs and new problems encountered by the ideological and political work under the new situation; and particularly pointed out the problems in which some localities and units had, to date, not understood the importance of ideological and political work on grasping the construction of such a personnel's contingent. They have not earnestly and effectively grasped the work.

Xu Shuiyue, deputy secretary of the provincial party committee, delivered a speech at the work conference, in which he pointed out: The province's contingent of political and legal personnel is loyal to the party and people. The broad masses of cadres and policemen have made important and great contributions to safeguarding the party's leadership and the people's democratic dictatorship and to protecting the smooth progress in the programs of reform, opening up, and modernizations. However, we must acknowledge by seeking truth from facts that under the new situation, the province's program of building up the contingent of political and legal personnel is encountering a new and unprecedented state of affairs as well as new problems. In particular, some negative and corrupt phenomena are seriously eroding the contingent's organism; corroding the spirit of some persons; and adversely affecting the fair enforcement of laws and the entire image of the party and government among the people. There are multiple reasons for these problems, and the main one is that some leading per-

sonnel have not attached sufficient importance to ideological and political work, have not firmly grasped the work, and have not effectively implemented the work. Therefore, tasks that brook no delay at present are to vigorously study and probe the ideological and political work under the new situation; to reinforce the effectiveness of the work; and to upgrade the political steadfastness and combat strength of the contingent.

While citing the issue of how to successfully conduct the ideological and political work under the new situation, Xu Shuiyue put forward the following three opinions: 1) We should accurately find out a contact point in correctly dealing with the relations between the principle of material interests and the spirit of making contributions selflessly and should successfully conduct the ideological and political work by seeking truth from facts. Leadership should show concern for the practical problems encountered by cadres and policemen, be considerate and adopt every possible way to help them overcome their difficulties, and should even stress the spirit of waging arduous struggle and making contributions selflessly. 2) We should find out a balancing point from the mental instability caused by the contrasts cropping up in the practical social life and successfully conduct the ideological and political work in a realistic and effective manner. The people should be told that some irrational social phenomena are inevitable in the early period of establishing the socialist market economy and are also temporary. Along with historical progress and social development, justice and errors as well as right and wrong will finally be appraised; the ugly and beautiful as well as the kind and evil will finally be judged fairly. We should stand at a higher position in viewing the problems and have more far-reaching foresight on them. By no means should we yield to and connive at these problems so as to help the contingent be free from becoming a sheet of loose sand. 3) On the relationship between the current major climate in society and the minor environment of the political and legal front, we should vigorously stress dialectics and justly and forcefully do a good job in conducting ideological and political work. We should note that the major climate is composed of minor climates. Only by rectifying the minor climate one by one can we have the major climate become better. Xu Shuiyue particularly stressed: We should enhance the education on purpose and only by planting the concept of mass line into the heart of every cadre and policeman can we realize the target of having the political and legal departments perform their duties honestly, respect their own career, and conduct their administration work industriously.

He Shaocun, vice governor of the province, also delivered a speech at the work conference, in which he

urged governments at all levels to further enhance their sense of responsibility in grasping the construction of the contingent of political and legal personnel; to support and supervise the political and legal departments to do things in line with the law; to bring their functional role into full play; and to refrain from assigning them to do things by overstepping their authority. All of these not only represent the needs for successfully building up the contingent of political and legal personnel, but also the great issues of enhancing the contact like blood and flesh between the party, government and the masses. As for some work that can be done with the coordination of the political and legal departments, we should pay attention to forms and methods. By no means should we fulfill the tasks for certain work at the cost of damaging the image of the party, government, and political and legal departments. We should resolutely implement such a principle by regarding it as a serious political discipline.

Attending the work conference were leading personnel in charge of the political and legal work from various cities and prefectures; full-time secretaries of political and legal commissions; and responsible persons from public security and judicial organs as well as security departments of various cities and prefectures. Also attending the work conference were relevant leading personnel from the Central Political and Legal Commission and the Propaganda Department under the CPC Central Committee.

Hebei Deputy Secretary Views Enterprise Reform

SK1609065195 Shijiazhuang HEBEI RIBAO
in Chinese 19 Aug 95 p 1

[By reporter Nie Linan (5119 5259 1344): "Li Bingliang, Deputy Secretary of the Hebei Provincial CPC Committee, Set Forth Target and Priority for Reforming the Enterprises Subordinate to Counties"]

[FBIS Translated Text] "According to the requirements of the socialist market economic system, we should take the setup of the modern enterprise system as a target and the balance of the property rights relations as a priority; organically link system reform, reorganization, and transformation with the change of mechanisms, the enhancement of management, and the reform of employment system; promote package reform; make key breakthroughs; and greatly upgrade the overall quality of the enterprises subordinate to counties." This is the guiding ideology and the basic idea for reforming the enterprises subordinate to the counties of our province as set forth by Li Bingliang, deputy secretary of the provincial party committee, at the provincial on-the-spot and experience-exchange meeting of the counties reforming their subordinate enterprises on a trial basis, which concluded on

18 August. Chen Liyou, executive vice governor of the provincial government, made a speech at the meeting.

Li Bingliang pointed out: Now, enterprises subordinate to counties are facing a favorable chance of reform. The 14th Party Congress set forth a general target for setting up the socialist market economic system. The market mechanism is now becoming a major means for distributing natural resources. This has created a good environment for deepening reform. What is more important is that the broad masses of staff members and workers have a stronger desire for reform and that the masses' enthusiasm becomes a key motivation for reform. We must grasp favorable opportunities, enhance the sense of responsibility and the sense of urgency, and positively and steadily promote the reform of the enterprises subordinate to counties.

Regarding the issue of how to reform the enterprises subordinate to the counties which are carrying out the overall reform, Li Bingliang stressed the following four points: First, the key to promoting the reform of the enterprises subordinate to counties hinges on property rights. Most of these enterprises' problems are caused by the vague and false distribution of property rights and the unsmooth property right relations. To this end, the enterprises subordinate to counties should focus their reform on reorganization of their property rights and blazing new trails in systems. Second, the key to reforming the enterprises subordinate to counties hinges on changing mechanisms. These enterprises should change their managerial mechanisms in order to reorganize their property rights and to further enhance their vitality. Third, these enterprises should base themselves on management in order to promote their reform. The enterprise management reform is a key component of the enterprise reform. With solid internal management, enterprises can seek quality, markets, and efficiency from management; and strengthen management to promote the deepening of reform. Fourth, the key to promoting the reform of these enterprises hinges on employment. Plant directors and managers play an extremely important role in deciding whether or not enterprises can successfully conduct reform and make development. In conducting the enterprise reform, all counties (cities) should pay full attention to discovering and cultivating skilled persons; also bring their wisdom, intelligence, and blazing-new-trail spirit into full play; create a good working environment for them, and have a large number of entrepreneurs show themselves.

Li Bingliang set forth requirements for carrying out auxiliary reforms, perfecting auxiliary policies, and realistically strengthening leadership. He said: Reforming the enterprises subordinate to counties is systems engineering. All departments concerned should foster the idea

of taking the overall situation into consideration, make concerted efforts, and actually form a good social environment and atmosphere of showing concern for and supporting reform.

Chen Liyou pointed out in his speech: Small state-owned enterprises should persist in the policy of positively and carefully conducting reform and ensuring that pilot reform, system reform, standardization of reform, and popularization of reform should be carried out step by step. In the course of reform, we should pay particular attention to the following few points: First, ensure and add the value of state-owned assets. Second, reform and perfect the social guaranteeing system. Third, strengthen the management of the enterprises where systems have been reformed. Fourth, further deepen the enterprises' internal reform and combine system reform with mechanism reform. Fifth, combine pilot reform with overall reform, promote the reform in all areas with the experience gained through pilot reform, and deepen the reform of small state-owned enterprises. Sixth, strengthen leadership, particularly top party and government leaders of the counties (cities) carrying out the overall reform should personally attend to reform work.

Hebei Promotes Private Economy's Development

OW1709153195 Beijing XINHUA in English
1341 GMT 17 Sep 95

[FBIS Transcribed Text] Shijiazhuang, September 17 (XINHUA) — North China's Hebei Province now has 1.49 million private industrial and commercial household businesses and 23,100 private enterprises, up 7.4 percent and 19.5 percent from 1994, respectively.

Earlier this year, the province worked out a series of preferential policies for private economy on taxation, finance, land-occupation and employment, which gives a strong impetus to the development of local private economy.

Statistics show that the registered capital for private industrial and commercial household firms and enterprises is 6,969 yuan and 280,600 yuan, up 10.4 percent and 10.1 percent from the previous year, respectively.

In the meantime, the province exercises strict supervision and control over the private economy in line with the relevant laws and regulations.

In the first half of this year, it dealt with 7,022 cases which run counter to the relevant laws and regulations committed by private industrial and commercial businesses, revoked 380 business licenses, and fined and confiscated illegal income totaling 870,000 yuan.

More Hebei Enterprises Merged in Reform Process

OW1709083995 Beijing XINHUA in English
0811 GMT 17 Sep 95

[FBIS Transcribed Text] Shijiazhuang, September 17 (XINHUA) — In the process of enterprise reform, 22 more enterprises were merged with other enterprises and 12 more went bankrupt through legal procedures in the first half of this in north China's Hebei Province.

The 3,616 workers of the 12 bust enterprises with combined fixed assets valued at 93.25 million yuan (11.23 million U.S. dollars) and a total liability of 388.21 million yuan are expected to be taken care of by re-employment and training programs, provincial officials said.

The merged enterprises with combined fixed assets of 62.37 million yuan and liability of 141.81 million yuan have a total payroll of 4,745.

According to statistics, money-losing State-owned enterprises above the township level accounted for 30.25 percent of the province's total in 1994. Provincial authorities believe that in order to invigorate the economy, the enterprises in the red should be merged or some go bankrupt according to law.

It is expected that in the second half of this year, 19 more enterprises with a total of 7,526 workers will enter such procedures, the authorities said.

In deepening the reform, the province has always stressed the importance of properly tackling the relevant problems such as dealing with the debts and resettling the laid-off workers.

Regulations concerning dealing with the liabilities of the bankrupt enterprises were announced by the province.

An unemployment insurance scheme has also been introduced to all of the urban enterprises, under which each worker pays two yuan every month as unemployment insurance.

It is also required that in liquidating the assets of the bust enterprises, funds should first of all be set aside for the resettlement of the workers.

Tianjin's Progress in General Education Reported

SK1509110795 Tianjin People's Radio in Mandarin
2300 GMT 14 Sep 95

[FBIS Translated Text] The municipal general education front held a meeting on 14 September to relay the spirit of the national work conference on general senior middle schools, to summarize the achievements scored by the municipality in general education, and to make work arrangements for the next period.

It was pointed out at the meeting that since the beginning of this year, the municipality had reached the anticipated standard in developing elementary education. Urban areas have chosen through the first public appraisal 52 schools as exemplars in enforcing compulsory education. The key extension projects for the buildings of 15 middle and primary schools have been carried out in an overall manner. Of these projects, those of seven schools have been accomplished before their opening for the new semester. The capital construction projects for the five schools that are being built with the funds donated by Mr. Shao Yifu of Hong Kong have been appraised as outstanding ones. Plans for readjusting the school allocation in rural areas have been completely formulated. Projects for construction of these schools' buildings are in progress. All of these have added reserve strength for both urban and rural areas to consolidate and develop their achievements scored in making compulsory education popular. The municipality has also accelerated its pace in making education in the senior middle school period universal. The student enrollment rate of senior middle schools in urban areas this year has been stable and shown an increase; and that in rural areas has shown a 10-percentage-point increase, surpassing the record of 60 percent. The municipality has also built a large number of new and key schools. The number of key general senior middle schools has, to date, totalled 44 and that of vocational senior middle schools at the province and ministry levels has, to date, totalled 26.

According to another report, the municipal education bureau recently issued a letter of proposal to the general education front and the teachers of middle and primary schools. The letter urges the front and teachers to carry forward the spirit of respecting their own careers, cherishing students, and making contributions selflessly so they can apply fine teaching virtues to repaying various social circles for their support, concern, and assistance given to education. It also issues the following four measures: 1) Tuition fees and other expenses will be waived for the students of children of staff members and workers whose enterprises are encountering difficulties, among the students of children from households that are accepting special state care, and among the students of children from households whose living standards are lower than average. 2) Schools should give subsidies for book or notebook expenses to the students of children from households that are encountering special difficulties. 3) Teachers in middle and primary schools should voluntarily conduct guidance among students who are encountering difficulties in study. 4) The Municipal Education Bureau and the Tianjin Television Broadcasting Station have jointly put forward the television program of lectures for middle and primary school students on even-numbered Sundays each month, in which

the municipality will invite special-grade and outstanding teachers across the municipality to voluntarily give teaching guidance to senior students of primary schools and to junior and senior middle school students.

Tianjin Port Imports Container Loaders

*OW1809135295 Beijing XINHUA in English
0931 GMT 18 Sep 95*

[FBIS Transcribed Text] Tianjin, September 18 (XINHUA) — Two cargo container loader-unloaders purchased with World Bank loans have been put to use at Tianjin Port, which has become a hub for container traffic.

The two loaders were bought from a British company who beat competition in the bidding with a contract worth more than nine million U.S. dollars.

Tests have shown that the loaders are among the world's most advanced, with a 40.5-ton lift capacity and a 44-m-long movement, and can move over 100,000 standard containers annually.

The machine can also detect problems in the work process, printing out error and normal working information, using a computerized location system.

Tianjin Port was the first to build cargo container berths in China and now has eight berths which can accommodate the biggest and most developed cargo container ships in the world, handling over one million standard containers each year, providing service for more than 300 harbors in over 160 countries.

Northeast Region

Heilongjiang's Yue Speaks To 'School Leavers'

*SK1809140495 Harbin HEILONGJIANG RIBAO
in Chinese 27 Aug 95 p 1*

[By reporters Xu Feng (1776 1496) and Jiao Mingzhong (3542 2494 1813): "The Broad Masses of Former School Leavers Should Offer Advice, Put Forth Their Strength, and Make Contributions to Achieving Development in Their Second Hometowns"]

[FBIS Translated Text] At the forum held on 26 August with the representatives of former school leavers, Yue Qifeng, secretary of the provincial party committee, urged the former school leavers who had made important contributions to achieving development in the Great Northern Wilderness in those years to continuously bring their own strong points into play as well as offer advice and put forth their strength to build up Heilongjiang and to make their second hometown prosperous.

More than 60 representatives of former school leavers, who came from Beijing, Shanghai, and Zhejiang Province, arrived at Harbin on 25 August after being invited to activities held by the Fellowship Society of educated youths who had settled down in the Great Northern Wilderness in the province. Of these representatives, some come from the state apparatus; some come from enterprises and establishments; and some come from various fronts throughout the motherland. During the forum, these representatives were enthusiastic; were fully and sentimentally attached to the black earth; and harbored hope for the province with black earth. Attending the forum were Shan Rongfan, deputy secretary of the provincial party committee; Suo Changyou, member of the provincial party standing committee and secretary of the Harbin city party committee; and leading personnel from the Harbin city-level organs.

During the forum, Yue Qifeng extended a warm welcome to all representatives of former school leavers who were attending the activities held by the Fellowship Society. He stated: The meeting held today is my third meeting this year with the representatives of former school leavers. Former school leavers belong to the special colony left over by the special historic period. The broad masses of educated youths have put forth their strength and made important contributions to the black-earth land of the Great Northern Wilderness by shedding their sweat and blood. The living and working conditions in those years were quite arduous and the experiences they gained in their arduous struggles have laid a very good foundation for them in their maturity. The people throughout Heilongjiang thank all of them very much and will never forget them.

Then, Yue Qifeng described the province's situation prevailing in economic development over the past year. He said: Since the programs of reform and opening up, both urban and rural areas throughout Heilongjiang have made very great progress in reforms. In particular, agriculture has been consecutively upgraded to several levels. However, as compared with other provinces and municipalities, the province's economic development is still, relatively speaking, lagging behind. On the one hand, factors that are restricting development are the longer period of enforcing the planned economy; the deeper-rooted influence of the planned economy; the ineffectiveness of systems; and the separation between departments and localities. Factors on the other hand are the insufficient emancipation of minds, more fetters caused by outdated things, and a poor sense of reform and opening up as well as of the commodity and market economy. Both subjective and objective reasons for the restriction of development have brought about

a situation in the province's economy in which products remain in the form of natural resources and in the original trademarks; there is an overly high volume of roughing; and there is slow readjustment in the structure of industries and products. For this, the provincial party committee has defined the overall ideas of economic development since the beginning of 1994 based on deeply carrying out investigation and study and fully discerning the province's situation. While never neglecting the "first battlefront" of economic development — including agriculture and the state-owned enterprises, it has actively opened the "second battlefront" of development and vigorously fostered new economic growing points. The provincial party committee has also successively grasped the work to emancipate minds and to change the concept, carried out the mass discussion on improving the economic development environment, and conducted the transfer of a large number of cadres. Through the unanimous efforts made by units from top to bottom across the entire province and under a situation in which the state is enforcing macro readjustment and control, the province has overcome low-speed growth and the fluctuated situation. The economy in the province as a whole has registered a good trend of accelerated development. The gross domestic product in 1994 showed an 8.7 percent increase and that in the first half of this year showed an 8.9 percent increase. During the January-July period of this year, industrial growth reached 13.7 percent. Yue Qifeng stated: The fourth plenum of the seventh provincial party committee, which recently concluded, adopted a decision to build Heilongjiang largely engaging agriculture into a strong agricultural province; and to make a greater breakthrough within about 15 years in the development and utilization of state land and of natural resources, in the total output of grains, and in the rural economic aggregates. Based on the 25 billion kg of total grain output harvested in 1994, the province should show a 15 billion kg increase in grain output by the end of this century and should realize 50 billion kg of grain output by 2010. This means that we should double the province's total grain output and that the confidence of all of us in agricultural development is fuller.

Lastly, Yue Qifeng said: Heilongjiang possesses 10 strong points and is still like an undeveloped golden mountain. It is hoped that the broad masses of former school leavers are able to suggest ways and means to have their second hometowns achieve development through their Fellowship Society and other forms; to engage in common development to commonly enjoy the benefits with their second hometown; and to commonly make new contributions to making Heilongjiang prosperous.

On behalf of more than 60 representatives of former school leavers, Shi Xiaoyan, a representative from Beijing and director of Beijing ZHONGGUO SHANG BAO [China Commercial News], delivered a speech at the forum. He stated: We former school leavers have been doubly inspired by the enormous achievements scored by Heilongjiang over the past odd-year and would like to extend heartfelt thanks for the support and concern shown by the provincial party committee and the provincial people's government for the broad masses of former school leavers. He expressed that what is most important for the former school leavers is to take actual action to support and repay their second hometowns. Heilongjiang possesses 10 strong points and the broad masses of former school leavers represent its 11th strong point. The representatives of former school leavers unanimously stated at the forum that they will hold business and trade talks each year with the participation of former school leavers from Beijing, Tianjin, Shanghai, Zhejiang Province, and Harbin city, and that they will raise funds for constructing a large building in Harbin, which will be run by the former school leavers.

Also attending the forum were the representatives of former school leavers in Harbin.

Daqing Oil Field Maintains 20-Year Record

OW1509104395 Beijing XINHUA in English
0911 GMT 15 Sep 95

[FBIS Transcribed Text] Harbin, September 15 (XINHUA) — Daqing, China's leading oil field has maintained high yields for 20 years running with an annual output of crude oil exceeding 50 million tons, Wang Zhiwu, director of the Daqing Petroleum Administration, said at the ceremony celebrating its 35th anniversary today.

Daqing, whose crude oil output accounts for some 40 percent of the country's total, is expected to produce 56 million tons this year.

Statistics show that the oil field has proven reserves of 5.17 billion tons in an area exceeding 2,994.5 sq km.

Daqing has produced about 1.35 billion tons of crude oil and 66.85 billion cu m [cubic meters] of natural gas over the past 35 years.

The Daqing Petroleum Administration has made achievements in 3,500 scientific and technological items in the past 35 years, 100 of which have received awards from the State.

According to statistics, Daqing has had pre-tax profits of 143.9 billion yuan (17.13 billion US dollars), in the past 35 years, 41 times the State investment in the oil

field, and exported 308 million tons of crude oil, earning 44 billion US dollars.

The Daqing Petroleum Administration has set up four chemical plants to manufacture chemical auxiliaries, methyl alcohol, refined chemicals, and sodium chloride, forming a comprehensive industrial system composed of oil refinery chemicals, natural gas procession, light hydrocarbons and inorganic chemical industries.

Wang Zhiwu says that Daqing intends to produce over 53 million tons of crude oil each year until the turn of the century, with total sales exceeding 10 billion yuan from refined chemicals, and total sales of 60 billion yuan for the entire oil field.

Jilin's Acting Governor Meets DPRK Delegation

SK1709233995 Changchun JILIN RIBAO in Chinese
23 Aug 95 p 1

[FBIS Translated Text] The friendly delegation from the DPRK's Chagang Province headed by leader Choe Chu-san, vice chairman of the DPRK Chagang Provincial Administrative and Economic Committee, was invited to visit Jilin Province and arrived in Changchun on 22 August.

On that evening, Acting Governor Wang Yunkun met with the DPRK guests at the Nanhu Guesthouse. The two sides held cordial and friendly talks. Wang Yunkun extended a warm welcome to the DPRK guests. He said: During the time when I served as secretary general of the provincial government, I once visited Chagang Province. He briefed the guests on the disasters that took place in some areas in the province not long ago. He said: The higher and lower levels across the province are exerting efforts to combat disasters and to send relief and are striving to recover the losses caused by disasters as quickly as possible. Generally speaking, our province's agricultural situation is quite good. He also briefed the guests on the province's industrial production and on building the development areas. He said: Great changes have taken place in Jilin's four development areas and gratifying achievements have been made. He also briefed the guests on Changchun city's urban construction situation. During recent years, urban construction developed rapidly in Changchun and reached a fair scale. He wished the delegation a successful visit in the province.

Delegation leader Choe Chu-san thanked Acting Governor Wang Yunkun for meeting him and giving briefings. He greatly admired Jilin's achievements and regarded the achievements of the Chinese people as his own. He hoped that both sides will maintain regular contacts and the friendship between the peoples of both sides will be unceasingly deepened.

Fan Fei, deputy director of the provincial foreign affairs office, also attended the meeting.

Liaoning Party Committee Elects Secretary
SK1609072495 Shenyang LIAONING RIBAO
in Chinese 26 Aug 95 p 1

[By reporter Sun Desheng (1327 1795 3932): "The Eighth Provincial Party Committee Holds the First Plenary Session"]

[FBIS Translated Text] On the afternoon of 25 August, the Eighth Liaoning Provincial CPC Committee held the first plenary session.

Comrade Gu Jinchí chaired the session. Attending the session as nonvoting delegates were members of the provincial discipline inspection commission and former provincial veteran leaders Guo Feng, Dai Suli, Li Huang, Li Tao, Song Li, Xu Shaofu, and Wang Guangzhong.

In line with the electoral method approved at the plenary session, the plenary session elected members of the standing committee of the Eighth Liaoning Provincial CPC Committee. The members of the eighth provincial party committee standing committee, in order of precedence, are Gu Jinchí, Wen Shizhen, Cao Bochun, Wang Huiyuan, Zhang Guoguang, Shang Wen, Xu Wencai, Yu Junbo, Liu Zhenhua, Xiao Zuofu, Gao Daincheng, Yu Xuexiang, Sun Chunlan, and Zhang Xilin. The plenary session elected Gu Jinchí as secretary of the provincial party committee, and Wen Shizhen, Cao Bochun, Wang Huiyuan, and Zhang Guoguang as deputy secretaries.

The plenary session approved the elections of the first meeting of the provincial discipline inspection commission: Shang Wen was elected as secretary of the provincial discipline inspection commission, and Wang Wenqian, Hao Enlong, and Song Xudong as deputy secretaries.

The plenary session approved "several regulations on bringing into play the function of the plenary sessions of the provincial party committee and strengthening the collective leadership."

Gu Jinchí, secretary of the provincial party committee, made a speech at the session. On behalf of the whole newly-elected body of standing committee members, he thanked the members of the provincial party committee and all communist party members throughout the whole province for their trust.

Gu Jinchí said: The leading body of this provincial party committee, spanning this century and the next, faces an arduous as well as honorable mission. The provincial party committee members' thinking and work styles will greatly bear on the fulfillment of the grand goal set forth by the eighth provincial party congress. In line with the party Central Committee's requirements on the quality of statesmen, we should train and improve ourselves through practices; build the leading body of the provincial party committee into a collective whose political standing is firm and whose mind is liberated, who rally together to fight and blaze new trails, and who honestly and industriously work for the people; and better shoulder the glorious mission history has imposed on us.

Gu Jinchí held: The thought for development of the whole province has been rationalized, and the major principle has been decided. The major task now is to focus our efforts on implementation. Henceforth, no matter what the situation, we should never waver in insisting on the principle of taking economic construction as the core, insisting on the two basic points of reform and opening up and the four cardinal principles, and insisting on the three strategies of optimizing the structure, promoting the whole province with the export-oriented economy, and developing the province with science, technology, and education, and carry out all the tasks decided on by the eighth party congress.

Taipei 'Grateful' for Communique Statement*OW1909101895 Taipei CNA in English
0916 GMT 19 Sep 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Sept. 19 (CNA) — Taipei is grateful that the United States has said it will not sign a fourth communique with Beijing if that communique will ban future visits to the US by leaders of Taiwan, Foreign Affairs Ministry spokesman Rock Leng said Tuesday.

But if the United States and Beijing do sign a fourth communique containing issues that may result in harm to Taiwan, Leng said, Taipei will not sit idly by.

He was referring to a statement made by State Department spokesman Nicholas Burns Monday during a news conference that the United States is not interested in signing a fourth communique with Beijing if the purpose of that communique is to assert a ban on future US visas for leaders of Taiwan.

During the news conference, Burns stressed that the United States cannot and should not give an "ironclad promise" that it will not issue visas to leaders of Taiwan in the future.

Burns, however, said that if Beijing has other ideas for a fourth communique, the United States will be glad to listen to those ideas and discuss them.

Leng said Burns' remark that "the United States will be glad to listen and discuss" does not mean that a fourth communique will be signed. It does not mean that the US policy on Mainland China has taken a big turn either, he stressed.

It has been reported recently that Washington and Beijing may sign a fourth communique in later October during a potential summit between US President Clinton and Communist Chinese President Jiang Zemin.

Officials, Spokesman Cited on American Institute*OW1609020395 Taipei CNA in English
0108 GMT 16 Sep 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Kaohsiung, Sept. 15 (CNA) — The de facto US ambassador to the Republic of China [ROC] said here Friday that ties between the US and Taiwan will continue to grow in the right direction no matter who becomes the next chairman of the American Institute in Taiwan (AIT).

Lynn Pascoe, director-general of the AIT Taipei office, made the remarks Friday afternoon while participating in a welcoming reception given in honor of Thomas V.

Biddick, the new director-general of the AIT Kaohsiung office.

There are reports that the US State Department may appoint James C. Wood, a lawyer from Arkansas, to succeed Natale H. Bellocchi as the next AIT chairman.

The report, though still unconfirmed for the moment, has touched off strong reactions. Two out of the three AIT board members resigned recently to protest what they considered an inappropriate appointment.

Local evening newspapers quoted David Dean, one of the two board members who resigned, as saying that he strongly opposed the appointment, which names a person without any Chinese affairs background to the position. He said the appointment is tantamount to "the downgrading of ties between Taiwan and the United States."

Pascoe said he did not read the papers and declined to comment on the reports. Pascoe stressed that he is in no position to comment on an appointment that is decided by the State Department.

Foreign Affairs Ministry Spokesman Rock Leng also would not comment on the reported new appointment, simply saying that as long as the Clinton administration regards Wood to be the proper person, the ROC government will not oppose the appointment.

AIT was established in 1979 to represent US interests in Taiwan in the absence of official diplomatic links.

Further on Panamanian Delegation's Visit**Balladares Reaffirms Support***OW1609032895 Taipei CNA in English
0211 GMT 16 Sep 95*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Sept. 15 (CNA) — Visiting Panama President Ernesto Perez Balladares reiterated Friday that Panama strongly supports the Republic of China [ROC]'s effort to join the United Nations, and reaffirmed the solid relations between the two countries.

Balladares made the remarks at a news conference at the Grand Hyatt Taipei before his departure Saturday.

In addition to expressing appreciation for the warm welcome extended by the ROC government and people, Balladares stressed that his country stands firm in the ROC's UN bid, and that he will order Panama's representative at the world body to speak out for Taiwan's membership at the UN's 50th General Assembly, which will open next week.

Stressing that bilateral cooperation should be further expanded, including the establishment of direct airlinks between the two countries, Balladares added that Panama is interested in participating in the ROC's plan to build Taiwan into an Asia-Pacific business operations center, as the two countries' economies complement each other well.

Earlier in the day, the visiting Panamanian delegation signed an agreement with the Evergreen Group, under which Evergreen will invest in building a container port in the Central American country.

Echoing the view of Balladares, Premier Lien Chan said he was optimistic about future prospects for exchange between the two countries, based on their traditional cordial ties.

Balladares and his wife later attended a farewell party hosted by Lien after the conclusion of the conference.

Balladares, leading a delegation that included Foreign Affairs Minister Gabriel Lewis Galindo, Planning and Economic Policy Minister Guillermo O. Champan and Labor and Social Welfare Minister Mitchell Doens, arrived in Taipei Wednesday for a four-day state visit.

Signs Shipping Accord

PA1609031995 Panama City Telemetro Television Network in Spanish 1730 GMT 15 Sep 95

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] President Ernesto Perez Balladares and the president of Evergreen in Taiwan have reached significant agreements. The investments that have been planned are expected to generate hundreds of jobs for Panamanians. Alfredo Molina has this report from Taiwan.

[Molina] The signing of the contract for the new port of containers of Evergreen in Cocosolo, Colon Province, the upcoming installation of Taiwan airlines EVA, and a donation of 100 motorcycles for the National Police by the Evergreen of Taiwan, were other accomplishments of the mission led by Panamanian President Ernesto Perez Balladares in Asian countries.

[Elshairmang] Chang, president of Evergreen, reiterated his commitment to continue cooperating with the Panamanian Government to develop its economy.

Meanwhile, Panamanian president Ernesto Perez Balladares stressed that with the signing of the contract with the Evergreen begins the dream of turning Panama into a modern import-export center and a strategic point of distribution and redistribution of cargo through containers.

[Begin Perez Balladares recording] This is absolutely necessary as a mechanism to reduce the costs for the handling of merchandise through Panama and to make our national economy more competitive. [end recording]

The Evergreen Holding also announced that on 13 December 1995, EVA Airlines will open a new route from Taipei to Panama City, through Los Angeles. At the installations of EVA Airlines, a demonstration of the advancement of the technical and security equipment was held, which was attended by the Panamanian president and the first lady, as observers.

The plans of EVA are to use the 747-400 Boeing with a capacity to transport 268 passengers. Initially, the business will not be profitable but in the future, once it becomes consolidated, it is intended to turn Panama into a major world transshipment center.

[Begin Perez Balladares recording] Possibly by the end of the year, we will have the first direct flights between Taiwan and Panama, which will help us get closer. [end recording]

Soon, a visit will be organized to the sites of investment that favor the installation of processing zones, which will initially represent 8 million [currency not specified] worth of investments and the creation of 4,000 jobs.

The work agenda contemplated the president's meeting with Chinese Premier Dr. Lien Chan and his wife. They both examined diplomatic ties and the future of investments in Panama, in the stage of important reversions which are the future of the Panamanian nation.

The successful plans of economic construction in Taiwan go hand in hand with political stability, human resources, and social prosperity. Its economic success is not a miracle; it is the result of years of hard work that have made Taiwan enter the new technological era, and that is the challenge of Panama. This has been a report by Alfredo Molina from the Republic of China in Taiwan.

More on Shipping

PA1609044495 Panama City Circuito RPC Television in Spanish 2300 GMT 15 Sep 95

[Report by Lucas Aleman; from the "RPC Television News" newscast]

[FBIS Translated Text] President Ernesto Perez Balladares, on behalf of the Government of Panama, signed a contract with Taiwanese Evergreen Shipping Company this Friday, to build a container port at Coco Solo, Province of Colon. When he took the floor, the Panamanian president highlighted the virtues of this contract.

[Begin Perez Balladares recording] It will be fundamental to propitiate competition between our ports, an absolutely necessary mechanism to reduce the costs of handling the merchandise that passes through Panama and to make our national economy more effective. Of course, it also has to be an excellent business for others, like (Chairman Chang), so they can also come to Panama. To this end, I will commit my personal and my government's full fledged support to turn what we signed here today, into a beautiful reality and that it be good business for the Evergreen group in Panama. [end recording]

On his part, top Evergreen executive (Chairman Chang) expressed his satisfaction with the agreement and announced that Eva Air will start to fly three times a week from Taipei to Panama as of 14 December. Eva Air will serve as a bridge for oriental investors who are interested in investing in our country. He also presented the Panamanian president with a donation of 100 motorcycles for the national police. After the signing of the contract, the president of the Republic toured Eva Air's modern training installations where he was able to observe close-at-hand the features contained in this expensive complex.

The main achievements of the president's visit to Taiwan have been the signing of the contract with Evergreen, economic aid, and the commercial benefits for our country. However, the undisputable success of this visit will depend on the installation of an industrial export center in the reverted areas in upcoming months..

For (Jan Choy,) director of the Taiwanese economic development financing office, Panama is an ideal country to establish industrial export centers.

[Begin (Choy) recording in English with superimposed translation into Spanish] Panama is very well located in Central America and it is a country we like to promote. We want our people to go there because it has many positive characteristics. We want to turn Ft. Davis into an industrial park. [end recording]

Although no firm has confirmed that it will establish in the Ft. Davis industrial park, several have already expressed an interest and it is expected that they will make a decision in this respect shortly.

[Begin Choy recording in English with superimposed translation into Spanish] The next step is to organize a group of investors to go visit your country, Colon, and the Ft. Davis area. They will decide if they invest or not. [end recording]

The Panamanian delegation asserted at a news conference this Friday afternoon, that it will support China's

request to occupy a permanent position at the United Nations.

On another issue, the Colombian presidency has reported that President Perez Balladares will make an official 6-hour visit to Colombia on 26 September. According to the report, Perez Balladares will be received at the Catam Military Airport located in Bogota, and from there, he will be transferred to Narino Palace to meet with Colombian President Ernesto Samper. The statesmen will discuss issues of common interest and bilateral policies.

Health System Loans Granted

PA1609202395 Panama City LA PRENSA in Spanish
15 Sep 95 p 1A

[Report by special envoy Elio Rujano]

[FBIS Translated Text] Taipei (Taiwan) — Foreign Relations Minister Gabriel Lewis Galindo yesterday disclosed in Taipei that Taiwan will grant huge loans to Panama for its health care system and will increase the amount of Panamanian imports to promote its development.

"The current trade balance shows that Taiwan exports \$150 million worth of products annually to Panama and that Panama sells only \$250,000 annually to Taiwan," Lewis underscored, adding that Taiwan has agreed to import meat, cookies, coffee, seafood, leather, handi-crafts, and other products.

As for the loans for the health sector, the foreign minister did not disclose their amounts; he only said that they will be huge loans.

"Taiwan has committed itself to grant loans at subsidized rates to help health care systems, improve existing hospitals, and build and equip new ones," he pointed out, also adding that these loans will have soft conditions and a three and a half year grace period.

The Taiwanese Government will soon invite Health Minister Aida de Rivera and a working team to travel to this country to choose the medical equipment.

Minister Lewis affirmed that an agreement with the shipping company Evergreen will be signed today to build a container port in two phases in Colon. The cost of the port is \$120 million. He also announced that the airline EVA will start flying to Panama three times a week starting in December 1995. "This company will connect Panama with Asia. If Panama wants to conduct business with Asia, we must have a means of transportation to ensure Asian businessmen will come to Panama," the foreign minister asserted.

Meanwhile, Yan Chou, International Fund for International Development [name as published] (of the Taiwanese Government) executive secretary, explained that the agreement with the Overseas Development Corporation (a joint enterprise grouping several Taiwanese companies) was realized. This company will develop an industrial park in Fort Davis.

It will be a joint venture or a 50-50 venture between the company and the Interoceanic Region Authority, Chou added.

"We can foretell that more Taiwanese will go to Panama to invest. We have already organized a team of 30 investors, which will go to Panama in early October to determine if it is advisable for them to invest in Panama," the executive secretary of the Taiwanese Government agency explained.

Regarding this issue, the Panamanian foreign minister reported that Taiwan appointed Jeffrey Koo as president of the Overseas Development Corporation and that Koo is the president of the China Trust (an influential bank) and the president of the Taiwanese Industrialists Association. In addition, he was the brains behind the creation of 20,000 jobs in the former Subic Bay Base in the Philippines.

Among other issues, the presidential agenda for today, 15 September, includes a visit to the Shinchu Scientific and Industrial Park, a visit to the EVA Airline Training Center, and a luncheon with Evergreen President Y.F. Chang.

There will also be a meeting and dinner with Taiwanese Prime Minister [title as published] Lien Chan and his wife. Tomorrow, President Ernesto Perez Balladares and the Panamanian delegation will travel to Hong Kong and then to the Philippines. Perez Balladares will return to Panama on 21 September.

Visit Ends; Communique Issued

OW1609110495 Taipei CNA in English
0955 GMT 16 Sep 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Sept. 16 (CNA) — Panamanian President Ernesto Perez Balladares concluded a four-day state visit to the Republic of China (ROC) Saturday, and President Li Teng-hui promised to visit Panama in a joint communique issued before Balladares' departure.

President Li and other ROC ranking government officials saw off Balladares and his entourage in a grand ceremony held on the square in front of the Chiang Kai-shek Memorial Hall.

Also bidding farewell to the Panamanian head of state were foreign diplomats and some 2,000 school children and civilians waving the national flags of the two countries.

Balladares, the fifth foreign head of state to visit the country this year, and his spouse flew into Taipei Wednesday for a four-day visit.

Accompanying Balladares on his trip to Taiwan were Minister of Foreign Affairs Gabriel Lewis Galindo, Minister of Planning and Economic Policy Guillermo O. Chapman, Jr., Labor and Social Welfare Minister Mitchell Doens, as well as parliamentarians and business leaders from Panama.

Li and Balladares signed a joint communique shortly before the departure of the Panamanian president, saying both countries are content with the progress of understanding, closer friendship and cooperative ties over the last year.

The communique states that Balladares has invited Li to visit his country and the invitation has been happily accepted, but the date of the visit will be arranged later.

Both countries, the communique says, agree that international disputes should be solved through dialogues and not force, and that principles like sovereignty of countries, national self-determination and not meddling in the interior affairs of other nations should be respected.

The ROC expressed the gratitude over the staunch support it receives from Panama in the international community and the Central American country again pledged to support the ROC's bid to join the United Nations, the communique says.

The Panamanian Government also formally invited its Chinese counterpart to attend a multinational group that will screen the plans regarding the management of the Panama Canal after it is transferred from the United States to Panama in 2000. The ROC will be invited to attend an international conference on the canal in 1997.

The ROC also promised to continue assisting Panama in its efforts to promote economic and cultural development. The plan to develop an export processing zone in Panama is already under way.

Taiwan Drops More Mainland Import Restrictions

OW1909044495 Taipei CNA in English
0143 GMT 19 Sep 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Sept. 18 (CNA) — The government decided Monday to further open the

door to products from Mainland China by allowing an additional 1,432 industrial items to be shipped indirectly into Taiwan.

During a product screening, the Ministry of Economic Affairs drafted a 670-item "negative list" from the 2,102 mainland goods proposed to be allowed to make inroads into Taiwan.

Ministry officials decided that the 670 items on the negative list of mainland Chinese goods, including fertilizer, feed, agricultural chemicals, animal medicine, pharmaceuticals and cosmetics, will not be allowed for import at present because of unresolved document certification problems.

As Taiwan is pushing its transformation into an Asia-Pacific business operations center, more and more mainland Chinese goods and raw materials will be allowed to be imported indirectly, ministry officials said.

A great majority of agricultural products from the mainland, however, are still banned from import on the grounds that they would have an immense impact on Taiwan's agricultural sector, which is fragile and needs to be protected, the officials noted.

The door will also be closed to some semi-finished products and chemicals from the mainland because the same products are also produced in Taiwan, they said. These products include marble plates, lime, alumina, methanol, ether, dimethyl ketone and acetic acid.

As of the end of August, a total of 2,637 industrial products of mainland origin were allowed to be imported indirectly into Taiwan, according to ministry tallies.

Mainland Protests Defense Fair Participation

*OW1909043595 Taipei CNA in English
0116 GMT 19 Sep 95*

[By C.H. Kuo and Yang I-feng]

[FBIS Transcribed Text] Ankara, Sept. 18 (CNA) — A Turkish foreign ministry official indicated that Beijing interfered with the Ankara International Defense Fair 1995 by asking Turkey's foreign ministry to refuse Taiwan's participation in the event.

The organizer of the exhibition told CNA's Ankara reporter that it has to bar Taiwan from the fair because of the instruction of the foreign ministry.

A foreign ministry official first said that it is Turkey's policy not to invite countries with differing political views, including Taiwan from attending the fair. However, he later admitted that Beijing has asked Turkey to preclude Taiwan's attendance.

The official disclosed that other countries on the black list included Greece, Iran, Iraq, Libya, Armenia and the Sudan.

The Ankara International Defense Fair 1995 is scheduled to open Wednesday [20 September] and close Saturday. Turkey's President Suleyman Demirel will host the opening ceremonies on Wednesday. About 200 defense-related factories from 32 countries will participate in the fair, the sponsor, the Turkey Defense Support Foundation, said Monday.

Officials Report Rise in Trade With Lebanon

*OW1809094295 Taipei CNA in English
0853 GMT 18 Sep 95*

[By P. Y. Kuo and Flor Wang]

[FBIS Transcribed Text] Riyadh, Sept. 16 (CNA) Two-way trade between Taiwan and Lebanon totaled US\$37.1 million in the first six months of this year, up 8 percent from the same period last year, according to ROC [Republic of China] trade officials stationed here.

Lebanon is one of the few Middle East countries with which Taiwan has posted a trade surplus in recent years amid decreasing trade relations with the region, the officials noted. They attributed the growth in trade with Lebanon to the Middle Eastern country's reconstruction plan.

Lebanon, which ended its 16-year civil war three years ago has actively launched a series of rehabilitation projects that have drawn international attention.

Australian Help Sought for WTO Membership

*OW1609020295 Taipei CNA in English
0114 GMT 16 Sep 95*

[By Peter Chen]

[FBIS Transcribed Text] Adelaide, Sept. 15 (CNA) — The Republic of China [ROC] and Australia are willing to increase trade and investment between the two sides so that they can reap mutual benefits, ROC Economics Minister P.K. Chiang said Friday.

In his briefing with reporters, Chiang said he held talks with Australia's Trade Minister Bob McMullan and Industry and Science Minister Peter Cook on a wide range of topics, including ways to increase economic cooperation and speed up Australia's talks with the ROC on Taiwan's entry into the World Trade Organization [WTO].

Chiang said he would push for state enterprises in Taiwan to invest in Australia.

Projects to be encouraged include Taiwan Sugar Corp.'s plan to set up a paper pulp plant in Tasmania, and an investment project by China Steel Corp, on which he did not go into detail.

Chiang told Cook and McMullan that Taiwan investment has undergone some changes. Investment in labor-intensive industry has gone to Mainland China, Vietnam and other developing countries. But Taiwan investors will invest in high-technology industry in Australia and other developed countries.

Cook and McMullan said they would be very happy to assist investors from Taiwan.

Cook said he would organize a mission to visit Taiwan next year to discuss cooperation with Taiwan in industrial and scientific fields.

Chiang asked McMullan to speed up talks on the ROC's entry to WTO and urged him to be flexible and give Taiwan more time to adjust to some of its more difficult market changes, including the opening of agricultural markets to Australian farm products.

The three acknowledged the need for and importance of cooperation, saying they believe that cooperation will be mutually beneficial for both sides, Chiang said.

Taiwan Denies Applying for 'Observer Status'

OW1609032795 Taipei CNA in English
0215 GMT 16 Sep 95

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, Sept. 15 (CNA) — The Ministry of Foreign Affairs (MOFA) denied that Taiwan has applied to the Organization for Economic Cooperation and Development (OECD) for observer status, saying that a panel set up by the Ministry of Economic Affairs (MOEA) is studying which committee under the OECD means the most for Taiwan, so no application has been made thus far.

Reports said that Taiwan has requested to take part in the OECD as an observer, but an officer of the MOFA's International Organizations Department, said at a press conference Friday [15 September] that as far as he knew, no such request has been made.

Liang said that any country which wants to become a formal OECD observer must first be an observer of an OECD committee. For example, South Korea was initially an observer of the OECD's shipbuilding committee and several other committees before becoming an observer of the organization.

The official pointed out that a panel comprised of officials from the MOFA, Ministry of Finance and

MOEA is currently studying which committee will benefit Taiwan the most, so no application has yet been submitted.

Taiwan Negotiating With Japan Over APEC

OW1609020195 Taipei CNA in English
0118 GMT 16 Sep 95

[By Yang I-feng]

[FBIS Transcribed Text] Taipei, Sept. 15 (CNA) — Japan might send out invitations for this year's informal leaders' meeting of the Asia Pacific Economic Cooperation Forum (APEC) in September, Deputy Director of the Foreign Ministry's International Liaison Department, Liang Ying-pin, said Friday [15 September].

Liang said the ROC [Republic of China] stands firm that President Li Teng-hui should be invited to attend the APEC meeting in Osaka in November and that his ministry hopes to reach a consensus with Japan on the issue.

He said that the ROC is currently negotiating with Japan on the matter.

A Japan newspaper reported recently that Japanese Chief Cabinet Secretary Koken Nosaka had said that Japan would not allow either President Li or Vice Premier Hsu Li-teh to attend the meeting.

Commenting on the report, Liang stressed that the issue of which official will represent the ROC at the APEC forum is still under negotiation. He believes Japan will not announce its decision before the negotiations are concluded.

The MOFA [Ministry of Foreign Affairs] has asked its Tokyo Representative Office to find out whether Nosaka has released the report.

Tokyo Reportedly To Allow Wu To Attend Meeting

OW1909103695 Taipei CHUNG-YANG JIH-PAO
in Chinese 15 Sep 95 p 2

[FBIS Translated Text] According to a report carried by Japan's YOMIURI SHIMBUN, the Japanese Government now has a plan to let Wu Poh-hsiung, secretary general to the president, attend the Asia Pacific Economic Cooperation (APEC) summit meeting in place of President Li Teng-hui. Leng Jo-shui, spokesman for the Ministry of Foreign Affairs, said yesterday that this was a news report and that the report still has to be checked and confirmed. He said: At present we are still trying to gain equal right in attending the conference like all other members, and all replacement choices will not be considered.

However, according to the courtesy ranking for major government posts of the Republic of China, secretary general to the president ranks 11th and is ahead of vice president of the Executive Yuan (ranking 14th). If the Japanese side refuses to let Hsu Li-teh attend the APEC summit in place of President Li and hopes to let Wu Poh-hsiung attend the meeting, the level of attendance would be higher instead of being lower.

The official of the Ministry of Foreign Affairs pointed out that we are still striving for President Li to attend the APEC summit in Osaka, Japan. At present, our side is negotiating with the Japanese side on this matter, and we have not stopped our efforts despite "some resistance on this matter."

Programs Initiated To Assist APEC Businesses

*OW1609025995 Taipei CNA in English
0140 GMT 16 Sep 95*

[By Peter Chen]

[FBIS Transcribed Text] Adelaide, Sept. 15 (CNA) — The Republic of China [ROC] has initiated several programs to help small and medium enterprises [SME] in the Asia-Pacific region.

At the final meeting of the second APEC SME ministerial meeting in Adelaide Friday, ROC Economics Minister P.K. Chiang said that in response to the urgent needs of the private sector, the ROC has taken the initiative to develop two programs which merit attention.

One is the compilation of the APEC [Asia-Pacific Economic Cooperation] directory of support organizations for SMEs, and the other is the overseas youth (young entrepreneur) training program, he said.

"Business people looking for assistance will be able to easily access APEC's vast business resources through the directory. It is our hope that when the directory is published next year and the follow-up compilation in electronic format is developed in the future, they will provide a great deal of new trade and investment opportunities," he said.

"We believe that a study on the compatibility of existing SME databases should be undertaken. This study would serve to link and consolidate efforts made by each member economy for the improvement of SME information management," he said.

Chiang said the overseas youth training program, part of a recent trend among foreign aid organizations, focuses on the development of the private sector.

"We also understand that providing training in the area of industrial management skills and techniques to youths from developing economies will undoubtedly contribute

to the economic development of their economies. After these young people return from their training in Chinese Taipei, they will be able to establish their own businesses back home," he said.

He said the youth program is now in its trial stage. Two APEC economies, including Indonesia, have been identified as target recipients and more will follow.

"It is our hope that the training of young people will have positive results, help establish new SMEs, and strengthen private sector interaction among these economies," he said.

The Pacific Business Forum has recommended several specific ways to assist human resources development (HRD) for SMEs in APEC. They are

— The establishment of an APEC SME training center by the year 1998;

— The introduction of an SME administration training program by 1996;

— The revision of individual economies' travel restrictions by 1996 with a view to facilitating cross-border training;

— The development of regional standards in HRD, particularly in the areas of tourism and telecommunications by 2005; and

— Mutual recognition of qualifications in selected professions such as engineering, accounting and surveying by 2005.

Chiang said the recommendations are very constructive.

"We are looking forward to seeing a more comprehensive action agenda filled with programs especially tailored to satisfy the urgent needs of small and medium enterprises," he said.

Taiwan Reiterates Seeking U.S. Help for Seat

*OW1909043695 Taipei CNA in English
0137 GMT 19 Sep 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Sept. 18 (CNA) — The Republic of China [ROC] is hoping to discuss with the United States the Clinton Administration's support of Taipei's bid to join international organizations, the Ministry of Foreign Affairs said Monday.

"We hope the talks can be held as swiftly as possible on a basis of mutual trust," Foreign Ministry spokesman Rock Leng said.

Local newspapers reported that Taipei and Washington will exchange views this week on ways to assist the ROC to join international organizations.

The Clinton Administration, when it made public a review of its Taiwan policy last September, clarified that it would not support Taiwan in seeking a seat in the United Nations, but would like to help Taiwan be accepted into some international bodies on condition that their application terms do not require members to be countries.

One foreign ministry official said he believes the Clinton Administration will honor its commitment to Taiwan, citing the holding of a vice ministerial-level economic meeting between the two countries earlier this year.

Meanwhile, the official expects "the Taiwan issue," along with Beijing's human rights record, trade issues and Beijing's arms exports, to be discussed when U.S. Secretary of State Warren Christopher and mainland Chinese vice premier and foreign minister Qian Qichen meet on Sept. 27.

The meeting aims to set the stage for the summit meeting between U.S. President Bill Clinton and mainland Chinese President Jiang

Zemin in late October.

The foreign ministry official said he does not foresee the possibility of the U.S. making a significant change in its policy toward Taiwan when Clinton and Jiang meet. "A balanced way of handling cross-strait issues would be in the best interests of the United States," the official said.

There had been reports that Washington and Beijing might sign a fourth communique under which ranking ROC Government officials would be barred from visiting the us, but the reports have been denied by the U.S. State Department.

Since 1979, Washington and Beijing have signed three communiqués which lay the framework for the U.S.-Mainland China ties.

Gambia, St. Christopher, Nevis Support UN Bid

OW1609020095 Taipei CNA in English
0124 GMT 16 Sep 95

[By Yang I-feng]

[FBIS Transcribed Text] Taipei, Sept. 15 (CNA) — The Ministry of Foreign Affairs said Friday that the Gambia and St. Christopher and Nevis have submitted letters to United Nations Secretary General Butrus Butrus-Ghali endorsing the ROC's [Republic of China] bid to join

the UN, bringing the number of countries supporting Taiwan's bid to 17.

Fifteen countries sent a proposal to the UN General Assembly on July 18, demanding that the UN study the unusual situation of the ROC in the international community based on the principles of universal membership and the established model of parallel representation of divided countries.

The 15 countries are Swaziland, Nicaragua, Costa Rica, Grenada, Niger, Panama, the Dominican Republic, the Commonwealth of Dominica, the Solomon Islands, Guatemala, St. Lucia, St. Vincent and the Grenadines, Burkina Faso, Guinea-Bissau, and the Central African Republic.

This marked the third year in a row that Taiwan's diplomatic allies have sent such a proposal to the UN. The two previous proposals were rejected.

The countries noted in the letter that UN Resolution No. 2758, which gave the China seat to the People's Republic of China, failed to completely resolve UN representation problems resulting from China's division since 1949. They added that the resolution has hurt the basic rights of the ROC government and the 21 million people of Taiwan to participate in international activities.

The 50th session of the UN General Assembly is scheduled to open on September 19.

The diplomatic allies of the ROC said they hoped the UN General Assembly will study the proposal.

Swaziland, Others Express Support for UN Bid

OW1909104195 Taipei CNA in English
0848 GMT 19 Sep 95

[By K.C. Huang and Sofia Wu]

[FBIS Transcribed Text] New York, Sept. 18 (CNA) — Swazi ambassador to the United Nations Moses Mathendele Dlamini Monday [18 September] reaffirmed Swaziland's firm support for the Republic of China [ROC]'s bid to rejoin the UN.

Dlamini made the commitment while meeting with a four-member ROC mission at his office at the UN headquarters.

The mission, headed by James Chu, vice chairman of the Taiwan's nationwide action committee for UN membership and a deputy secretary-general of the ruling Kuomintang, arrived in New York Saturday to lobby for the ROC's UN bid.

Dlamini told the mission that he just talked with the Swazi king and prime minister over the telephone to solicit their opinions about Taiwan's UN bid.

"My superiors told me that Swaziland fully understands Taiwan people's strong desire to have a seat in the UN. So we'll continue to voice our support for your return to the UN at the upcoming 50th plenary session of the UN General Assembly," Dlamini said.

Chu expressed his gratitude for Swaziland's consistent support for the ROC's UN bid. He pointed out that the Beijing regime cannot represent Taiwan in the UN because it has never ruled Taiwan for a single day.

Noting that UN resolution No. 2758, which admitted Beijing into the UN and led to the ROC's withdrawal from the world body, was a product of the Cold War era, Chu said the resolution should be nullified because it has become obsolete.

As Taiwan has been shut out of the UN since 1971, it cannot join such UN affiliates as the World Health Organization, the International Telecommunications Union and the United Nations Children's Fund. Consequently, Chu said, the welfare of the 21 million people in Taiwan has been seriously affected. "This is unfair and unjust to our country and our people," he added.

Later in the day, Dlamini and ambassadors to the UN of nine other countries which maintain diplomatic ties with the ROC attended a luncheon hosted by Wu Tzu-dan, head of the Taipei representative office in New York.

Speaking at the occasion, Solomon Islands Ambassador Rex Horoi said the exclusion of the ROC from the UN is unfair and unreasonable. "We are willing to assist the ROC in correcting this unjust phenomenon," he added.

Representatives to the UN from Nicaragua, Costa Rica, the Dominican Republic, Guatemala, El Salvador, Panama, Guinea-Bissau and Grenada also reaffirmed their countries' support for the ROC's UN bid at the occasion.

Chu said he has met with officials from countries with or without diplomatic ties with the ROC. "Many of them have either expressed strong support or sympathy for our UN bid," he noted.

This year's general assembly plenary session will open Tuesday. Fifteen of the ROC's diplomatic allies have already presented a proposal urging the UN General Assembly to set up a special committee to study ways to admit Taiwan to the world body. The UN steering committee is expected to discuss whether to include the proposal in this year's agenda on Wednesday.

Meanwhile, more than 400 Taiwanese residing in the New York area demonstrated in front of the UN headquarters Monday urging UN members to yield to Beijing's pressure and turn a blind eye to Taiwan's efforts to rejoin the organization.

Taiwan's opposition Democratic Progressive Party [DPP] Chairman Shih Ming-teh and several other DPP lawmakers also took part in the demonstration.

The demonstrators later walked from Hammaraskjold Square to the office of the Beijing mission to the UN in the nearby area to protest Beijing's constant boycott of Taiwan in the international arena and its perennial military threat to the island.

Hong Kong

Sino-British Experts Hold Defense Talks

OW1909094295 Beijing XINHUA in English
0931 GMT 19 Sep 95

[FBIS Transcribed Text] Hong Kong, September 19 (XINHUA) — The 18th Sino-British Joint Liaison Group (JLG) experts meeting on defense and public security in Hong Kong opened here today.

Chen Zuor, representative of the Chinese team on the JLG, said that through joint efforts and cooperation, the Chinese and British sides have made much progress in implementing the Agreement on the Arrangements for the Future Use of the Existing Defense Land in Hong Kong, which was reached by the JLG in June 1994.

He said that at the present meeting the Chinese side will negotiate with the British side in the spirit of ensuring Hong Kong's smooth transition, prosperity and stability so as to achieve new progress on the handover of HK [Hong Kong] defense.

The Chinese experts present at the meeting included officials from the Ministry of Foreign Affairs, the Hong Kong and Macao Affairs Office of the State Council and the Ministry of National Defense.

The four-day meeting scheduled to end on September 22 includes a tour of defense sites.

Further Reportage on Legislative Elections

Elections End

OW1809122995 Beijing XINHUA in English
1203 GMT 18 Sep 95

[FBIS Transcribed Text] Hong Kong, September 18 (XINHUA) — Hong Kong's Legislative Council Elections ended with 60 elected members announced here today.

Only 920,000 people or 35.79 percent of the registered electorate cast their ballots Sunday. The turnout rate is 3.36 percentage points less than the previous elections four years ago.

During the balloting, many cases of disorderliness and angry scenes turned up and over 1,500 complaints were filed at the related department. Many qualified voters claimed that they were groundlessly deprived of the right to vote.

Local media doubted the fairness of the elections. The Boundary and Election Commission admitted having deleted 110,000 qualified voters from the voters' list on the ground that they failed to write back their home addresses. But many of the affected people said that they had never been asked to give addresses.

The Democratic Alliance for Betterment of Hong Kong (DAB) demanded that the authorities deal with the matter in all seriousness, give a public explanation of the error and adopt remedial measures.

The elections of Hong Kong's last Legislative Council were part of HK [Hong Kong] Governor Chris Patten's constitutional package which is against the Sino-British Joint Declaration, the convergence with Basis Law of the Hong Kong Special Administrative Region and the agreements and understandings reached between China and Britain.

The Chinese government and the Standing Committee of China's National People's Congress have made it clear that the three-tier political structure (Legislative Council, municipal councils and district boards) formed under Patten's package will stop functioning in mid-1997 when China resumes exercise of sovereignty over Hong Kong.

Spokesman Reiterates Stand

OW1809133595 Beijing XINHUA Domestic Service
in Chinese 1036 GMT 18 Sep 95

[FBIS Translated Text] Beijing, 18 Sep (XINHUA) — The results of Hong Kong's last Legislative Council [Legco] election under British rule were released today. A spokesman for the State Council's Hong Kong and Macao Affairs Office issued a statement in this regard. The spokesman stated: The Chinese Government's stand on Hong Kong's last Legco election under British rule has been consistent. Hong Kong's last Legco election under British rule was held against the backdrop of a breakdown in Sino-British talks on electoral arrangements. The "constitutional reform package" and relevant laws and regulations on which it was based violate the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and relevant agreements and understandings reached by China and Britain. Therefore, members of Hong Kong's last Legco under British rule cannot ride the "through train" to become members of the first Legco of the Hong Kong Special Administrative Region [HKSAR]; nor is there the possibility of a "partial through train." The Sino-British Joint Declaration states that the PRC Government has decided to resume the exercise of sovereignty over Hong Kong on 1 July 1997, and that the Government of the United Kingdom declares that it will return Hong Kong to the PRC on the same day. According to a decision adopted by the Eighth National People's Congress [NPC] Standing Committee on 31 August 1994, Hong Kong's last Legco under British rule will be terminated on 30 June 1997, and the HKSAR Preparatory Committee will form the first Legco for the HKSAR in accordance with the relevant NPC decision. The aforementioned stand of the

Chinese Government is firm and unshakable [jian ding bu yi di 1017 1353 0008 4448 4104], and will not be affected by the election results.

The spokesman also stated: It is hoped that all members of Hong Kong's last Legco before 1997 who support Hong Kong's reversion and "one country, two systems" will place the interests of Hong Kong residents above everything else, and work for Hong Kong's smooth transition, stability, and prosperity.

More on Spokesman's Remarks

OW1809141595 Beijing XINHUA in English
1359 GMT 18 Sep 95

[FBIS Transcribed Text] Beijing, September 18 (XINHUA) — None of the last HK Legislative Council members elected today can continue as members of the first legislative council of the Hongkong Special Administrative Region (SAR) after the transition.

These remarks came from the spokesman of the Hongkong and Macao Affairs Office of the State Council when the election results of the HK legislative council, sponsored by the Hongkong British government, were released today.

The spokesman said that the Chinese government has been consistent in its position on the election of the last term of the HK Legislative Council, but that elections this year are part of a constitutional package which is in contravention of the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and agreements and understandings reached between the Chinese and British sides.

According to the decision of August 31, 1994 of the Standing Committee of the Eighth National People's Congress (NPC), the last term of the HK Legislative Council shall expire on June 30, 1997, and the first Legislative Council of the SAR shall be set up by the SAR Preparatory Committee in concert with decisions made by the Standing Committee of the National People's Congress (NPC).

The spokesman emphasized that the Chinese government's stand on the elections is firm and will not be affected by the election results.

He said he hopes that all members of the last HK Legislative Council who support Hongkong's return to the motherland and stand for the "one country, two systems" policy should seriously consider the interests of the people of Hong Kong and work hard for the stability, prosperity, and peaceful transition of Hongkong.

XINHUA Views 'Fairness'

OW1809144695 Beijing XINHUA Domestic Service
in Chinese 1036 GMT 18 Sep 95

[By reporter Sun Chengbin (1327 2110 2430)]

[FBIS Translated Text] Hong Kong, 18 Sep (XINHUA) — The 1995 election of Hong Kong's Legislative Council [Legco], arranged in accordance with Chris Patten's "three-violation constitutional package," was held yesterday. All 60 seats have been elected. Hong Kong's Legco is a legislative advisory body under the British Hong Kong authorities that was established according to letters patent. The 1995 Legco election was part of Hong Kong's 1994-95 elections, and the last such election before Britain ends its colonial rule in Hong Kong. During the election, only 920,000 registered voters cast their ballots in direct elections in geographical constituencies, representing a turnout rate of 35.79 percent, down 3.36 percentage points from the previous Legco election four years ago. Considerable confusion [xiang dang duo di hun luan 4161 3981 1122 4104 3236 0052] emerged during the current Legco election, which was orchestrated single-handedly by the British Hong Kong authorities. The Hong Kong media questioned the fairness of the election. As of yesterday, the election office had received more than 1,500 complaints, a substantial number of which were filed by qualified voters who were deprived of the right to vote for no reason [wu duan qu xiao tou piao quan 2477 4551 0648 3194 2121 4384 2938]. The Boundary and Election Commission admitted having deleted 110,000 previously qualified voters from the voters' list during the course of verifying information on voters, claiming that they had failed to respond to the election office regarding their home addresses. However, many voters indicated that they had never received any notification, and that they were deprived of their right to vote without their slightest knowledge. Accordingly, they questioned the fairness of the election. The Democratic Alliance for the Betterment of Hong Kong has demanded that the authorities deal with the matter in all seriousness, provide a public explanation for the causes of the serious error, and propose an effective remedial plan. Elections to the newly created, so-called "new nine groups" — the nine functional constituencies — were even more chaotic. Most voters did not know to which group they belonged, and with which group they should register for voting. Hong Kong's 1994-95 elections included elections to the three-tier political structure that consists of Legco, the Urban and Regional Councils, and district boards. The district board elections held by the British Hong Kong authorities on 18 September last year, the elections to the two municipal councils held on 7 March this year, and the current Legco election were all held

in accordance with Hong Kong Governor Chris Patten's "constitutional package" unilaterally adopted by the British Hong Kong authorities under conditions in which the British side had undermined Sino-British talks on Hong Kong's political arrangements. Before that, the Chinese Government had repeatedly made known its position, pointing out that the "constitutional package" violates the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the agreements and understandings reached by China and Britain. On 31 August 1994, the National People's Congress Standing Committee officially decided that the Hong Kong Special Administrative Region would reconstitute its three-tier political structure after 1 July 1997.

Basic Law To Protect Free Cultural Development

OW1809125695 Beijing XINHUA in English
1247 GMT 18 Sep 95

[FBIS Transcribed Text] Hong Kong, September 18 (XINHUA) — Hong Kong will continue to enjoy a free cultural development after 1997 when China resumes its sovereignty over the territory, said a senior Chinese official here today.

Zhang Junsheng, Deputy Director of XINHUA NEWS AGENCY Hong Kong Branch, made this remark while addressing a cocktail party held this evening in the honor of a delegation of writers from the Chinese mainland.

Zhang said that the Basic Law of the Hong Kong Special Administrative Region has made an explicit legal guarantee for the further free development of the cultural undertakings including art and literature in Hong Kong under the "One Country, Two Systems" policy.

The age-old profound and rich Chinese culture is the common spiritual wealth of the whole Chinese people, a reflection of the wisdom of the Chinese nation as well as a mental tie unifying the Chinese people with different nationalities, he said.

To uphold the Chinese culture and revitalize the national spirit is the common aspiration and punctilious pursuit of the Chinese people both at home and abroad, he said.

Zhang said that he was glad to see the increasingly strengthened cultural exchanges between Hong Kong and the Chinese mainland in recent years, which have not only deepened the understanding among the writers of the two areas but also promoted the mutual prosperity of the cultural undertakings of the two sides.

He believed that so long as the people from the cultural circles of both sides can cooperate by strengthening exchanges and learning from each other after Hong

Kong returns to the motherland, Hong Kong is most likely to win itself a name as an international center of art and literature provided that it could absorb the essence of the foreign culture of excellence while upholding the Chinese culture.

The 11-member delegation of the Chinese mainland writers arrived here on Sunday [17 September] for a week-long visit at the invitation of the Federation of Hong Kong Writers.

Commentary Urges 'Further' Education Exchanges

OW1809045695 Beijing XINHUA Domestic Service
in Chinese 0806 GMT 13 Sep 95

["Short commentary" by XINHUA reporter Luo Zheng (5012 2398): "More Exchanges in Education Should Be Made Between Hong Kong and the Chinese Mainland"]

[FBIS Translated Text] As 1997 draws near, the educational circles in Hong Kong and the Chinese Mainland should further increase exchanges and communications and increase mutual understanding. This will be beneficial to Hong Kong's smooth transition.

For various reasons, many people in Hong Kong's educational circles still do not understand the Chinese Mainland well. They have a strong desire to increase communications and exchanges with their counterparts in the mainland. Since the beginning of this year, 19 groups of secondary and primary school teachers, more than 480 people in all, visited the mainland through arrangements made by XINHUA's Hong Kong Branch. They came from more than 300 schools. In addition, 58 student groups, including 48 university student groups, totaling more than 2,300 people, visited the mainland. At the same time, many mainland teachers and scholars also visited Hong Kong for inspection and study purposes. Through the on-the-spot inspections and exchanges, many teachers and students personally felt the rapid economic growth in the mainland after the beginning of reform and opening, and saw that the masses are living a happy life and working in satisfactory conditions, and that the social environment is benign, peaceful, and orderly. This increased their sense of belonging to the motherland.

Some teachers were not clear about the educational system, school management, and teachers' professional qualification assessment after 1997 in Hong Kong, and thus had certain misgivings in their minds. In the exchange activities, the mainland authorities concerned earnestly listened to their opinions and proposals, answered their questions, and resolved their misgivings. This made them more comprehensively understand Hong Kong's Basic Law, and increased their confidence

in Hong Kong's smooth transition after 1997 and in the education undertakings of the future Special Administrative Region.

The exchanges are conducive to promoting educational development in both Hong Kong and the mainland. Some people in Hong Kong's educational circles said that although differences exist in the educational systems between the two sides, the mainland still provides many useful experiences in education for Hong Kong. Great results have been achieved in the curriculum reform of the primary and secondary schools in the mainland. In particular, Chinese-language teaching has special characteristics; various teaching methods have been developed, and the Hong Kong teachers can learn a lot from their mainland counterparts in these respects. On the other hand, Hong Kong education also has some special features, such as the system of financing schools, the system of giving appropriations to colleges and universities, and the scholarship system, and all this can be studied by the mainland.

Educational circles in Hong Kong and in the mainland not only can increase exchanges, but can also increase their cooperation in certain research projects. Mainland universities and colleges have strong research forces and

a large number of outstanding researchers while Hong Kong universities and colleges have advanced research facilities and good overseas information links. There are broad prospects for the two sides' cooperation.

Some educational organizations in Hong Kong have done a great deal of useful things to promote exchanges and cooperation between the educational circles in Hong Kong and the mainland. For example, the Hong Kong Federation of Educational Workers has been playing an active role in bridging the two sides. It organizes Hong Kong teachers to visit mainland schools and carry out study and exchange activities. In recent years, it separately joined hands with Qinghua University, Beijing University, and Nanjing University in running the Putonghua Diploma Course for Hong Kong Teachers, the Chinese History Study Class for Hong Kong Secondary School Teachers, and the Summer Holiday Geography Study Course for Hong Kong Secondary and Primary School Teachers. It is hoped that more enthusiastic people will take part in such work. In various forms and through various channels, communications and exchanges between the educational circles of Hong Kong and the mainland will be expanded on a broader scope and carried out at a deeper level.

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25 Sept 1995

